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U.S. Said to Weigh A 40% Rise in Aid To Central America

By Philip Taubman New York Times Service

WASHINGTON - The Reagan administration is considering a 40percent increase in military aid next year to its allies in Central America, according to senior ad-ministration officials and a report prepared for the White House.

The proposal for the increase was made in a classified report outlining U.S. options in the region. White House officials said no decisions had been made about increasing U.S. involvement and called the report a working paper. They said it formed the basis for high-level discussions but did not necessarily

Latin Leaders **Hold Summit** On War Fear

4 Presidents Believe Time Is Running Out'

CANCUN, Mexico — The four presidents of the Contadora group's member nations met for the first time on Sunday hoping to find a peaceful solution to escalating political violence in Central America before a regional war

The immediate goal of the summit in this Caribbean resort is "to avoid an armed conflict in the Central American zone," the Mexican foreign minister. Bernardo Sepul-

veda, said Saturday.
Presidents Miguel Hurtado de la
Madrid of Mexico, Luis Herrera Campins of Venezuela, Belisario Betancur of Colombia and Ricardo de la Espóella of Panama met as the threat of war between leftist Nicaragua and U.S.-supported Honduras intensified,

A diplomatic source, who spoke on condition that he not be mained, said the presidents decided to hold a summit because "time is running

We have to shift the momentum from a military solution to diplomacy," he said

Nicaraguan insurgents, who receive support from the United States, use Honduran territory as a base for their fight, and there have been reports of a massing of troops by both sides along the shared bor-

The Contadora group is named after the Panamanian island where the nations' foreign ministers met in January to form the association. They have gathered five times since, sometimes with the foreign ministers of Central American countries.

The diplomatie source said the four presidents are considering sending their foreign ministers to the United Nations next week to underscore their fears.

The Contadora group has urged an end to the arms buildup in Central America and the withdrawal of all foreign military advisers, ineluding American military trainers aiding El Salvador's rightist government, and Cuhan advisers in

The Reagan administration publicly has expressed hopes that the Contadora group will be successful in its bid to hring a negotiated peace to the troubled region. Privately, however, both American and Mexican officials have expressed doubts about the group's

The group also is urging the ined powers to provide financial aid and to invest in Central America's poverty-stricken countries as a way to belp them achieve economie development and political stability.

Mr. Betancur and Mr. de la Espriella arrived Saturday and held separate talks with Mr. de la Ma-drid, who convened the summit. Mr. Herrera Campins arrived Sunday and met privately with Mr. de

Draft Urged in Nicaragua

The head of the Nicaraguan Army called for the drafting of himdreds of thousands of people to meet the threat of invasion, it was reported Saturday in Managua, according to United Press Interna-

Defense Minister Humberto Ortega, addressing an army promo-tion ceremony Friday, called for a military draft system that would result in the massive incorporation of hundreds of thousands of

patriots." He said the army had sent a request for a draft law to the Council of State, but be gave no details on whether military service would be obligatory, whether it would include women or what age groups

would be effected. The Marxist government claims that attacks by about 8,000 U.S. backed insurgents and the threat of war with U.S.-allied Honduras, and possibly with the United States, justifies Nicaragua's growing militarization.

contain the final options now un

said the paper accurately reflected current thinking among senior offi-

nal decisions about how to strengthen U.S. policy will depend in part on the outcome of these votes. The working paper says some of the restrictions under consideration in Congress would he "crippling" to administration po-

prepared by an interagency task force for a National Security Coun-cil meeting on July 8, said, "The nearing a critical point."

"It is still possible," the report said, "to accomplish U.S. objec-tives without the direct use of U.S. of such use is needed to deter overt Soviet-Cuban intervention) provided that the U.S. takes timely and effective action."

key recommendation of the task force - that the White House try to build a bipartisan base of support for its policies by appointing a special commission on Central America - had already been approved by President Ronald Reagan and would be announced this week, probably Monday.
The contemplated aid increases,

which include a doubling of security assistance to Costa Rica, an 80reent increase in aid to Guatemala, and increases of more than 30 percent in aid to El Salvador and Honduras, are part of a olan under review by Mr. Reagan that is intended to shore up a U.S. policy that officials increasingly believe is

Other steps under consideration produce "an invigorated stratefor Central America, according to the report and senior officials, include the prepositioning of U.S. military equipment in Honduras for use in a crisis and the improvement of Honduran air and naval

In addition, the report, which deals primarily with security issues. recommends proceeding with a Central Intelligence Agency plan to have Salvadoran troops operate in Honduran territory to attack Salvadoran guerrilla sanctuaries, and calls for the immediate development of a pian of action for npgrading the effectiveness of the Salvadoran military.

It also advocates the continuation of covert activities against the Nicaraguan government and the pursuit of a diplomatic strategy intended to isolate Nicaragua.

The task force paper, which paints a fairly bleak picture of Reagan administration accomplishments in Central America and is highly critical of the Salvadoran armed forces, was indirectly ob-tained by The New York Times from an administration official who is said to fear that the current policy is leading toward a major increase in U.S. military involvement in Central America.

The paper. stamped "secret," also brought into the open serious, long-standing policy differences between the State and Defense departments.

States risks a major foreign policy defeat if it pursues current policies in Central America without full support from Congress.

it would be better to pull out of Central America altogether rather than face a possible failure by tryhalfway measures.

six months after the administration conducted a comprehensive examination of its Central America strat-

INSIDE

Lebanon and the United States plan new talks on troop

arms sale to Taiwan. Page 3.

'Demon gossip' descends on Washington. Page 3. BUSINESS/FINANCE

■ Chrysler's talks with Volks-

der consideration. Other administration officials

gress, which has resisted increases in U.S. involvement, is approaching final decisions on several Central American issues, including a supplemental military assistance request for El Salvador for the current fiscal year and a proposal to cut off covert aid to rebels in

Nicaragua. Administration officials said fi-

The classified report, which was situation in Central America is

By Henry Tanner

BONN - The West Germans,

shop this weekend and heading

officials and others, began closing

for the mountains or the sea for a quiet summer before the "bot an-

tumn" they all expect. As they

leave, many of them are in a mood

U.S.-Soviet negotiations in Geneva

will not make sufficient progress

and that the first new U.S. missiles

will be deployed before the end of

The stage is set for anti-missile,

anti-war marches, sit-ins and other

demonstrations. Almost inevitably,

there will be some violence, even

though leaders of the peace move-

ment say they want the protests to

be nonviolent. The question is

whether the movement's leaders

and the police can contain the vio-

Düsseldorf, turned out negatively

A recent test in Krefeld, near

It is now generally assumed that

of foreboding.

troops (although the credible threat

Administration officials said a

installations.

The Defense Department, ac-

The policy review is taking place

withdrawals.

■ The U.S. trims its plan for

wagenwerk may result in joint production of a small car in the United States. Page 13.

■ Italy's recovery is expected



FOR DISARMAMENT - In a protest in London's Hyde Park against nuclear arms, demonstrators passed inflatable globes labeled 'Fragile — Handle With Care' along a human chain that stretched between the Soviet and U.S. embassies. Page 2.

ing a visit by Vice President George

Leaders of the Social Democrats.

moreover, have decided that the party will be active in some of the

demonstrations, according to Peter

NEWS ANALYSIS

labor unions, after some hesitation,

made similar decisions. This has

this will be the "acid test" of future

Dusseldorf, turned out negatively sensus that has existed on ques-as a minority of about 200 youths tions of national security is in the hopes that in the fall he will say

cians on both sides concede that possible,"

ing confrontation.

Bush of the United States.

W. Germans Look With Foreboding to 'Hot Autumn'

The left wing of the Social Dem-

Insiders predict that the party, at

its congress in November, will ei-

ther say no outright to the deploy-

ment of the U.S. missiles or will at

"We need a new security con-

ing this trend. "In three years' time.

Former Chancellor Helmut

itician in West Germany, will have

ocratic Party has been gaining ground in the debate that followed

the lost election

bent on violence were able to dis-rupt a peaceful demonstration dur-ar. Karl Kaiser, has warned.

Glotz, the party manager. Major least plead for a postponement pending further U.S.-Soviet negoti-

added a new dimension to the com- cept," a party official said, reflect-

ation that the country's second accept the present concept of the

largest party will carry its political balance of terror, and conscription

action outside parliament. Polid- armies, as a result, will become im-

relations between government and Schmidt, still the most popular pol-

March election predicted a "polar-cision. He was one of the sponsors

ization of the country" now say of the NATO decision in 1979 to

their fears have deepened. The con-sensus that has existed on ques-But the left wing of the party

Foreign diplomats who after the a large influence on the party's de-

It will be the first time in a gener- no young European will any longer

Last of Sect Protesters In Russia to Get Visas

MOSCOW -The last two of the Pentecostalists who had lived for five years in the basement of the U.S. Embassy here have been granted permission to emigrate, along with members of their family, Western sources said Sunday.

The sources said that 15 members of the Chmykhalov family, all of them members of the fundamentalist sect, were in Moscow making final travel preparations and could fly to Vienna as early as Monday. "We understand they have been

lomat said Sunday. The Chmykhalovs are not

granted exit visas," a Western dip-

problem must be found. If Mr.

Schmidt comes out openly against

the new position that is being pre-pared by the party, the political damage would be enormous.

As the summer exodus starts, the

ost frequently used words in po-

litical conversations are "continuity" and "about-turn." In other

words, how much has West Germa-

ny changed since the March elec-

The Christian Democrats, who

won, had promised to turn the country around after 13 "disas-

trous" years under their opponents.

The Social Democrats used the

term "about-turn" to charge that

Mr. Kohl intended to reverse ev-

erything that had been progressive

Four months later, a real about-turn has taken place only in the field of civil rights, where Interior

Minister Friedrich Zimmermann,

the country's most aggressive law-

and-order advocate, appears to have been given a virtually free

and liberal.

Pentecostalist family from the Si-berian city of Chernogorsk to be granted permission to emigrate for their religious beliefs. Fifteen members of the Vashchenko family left the Soviet Union on June 26 to join their daughter Lidiya, 32, who had gone to Israel earlier.

Two Chmykhalovs, Timofei and his mother, Mariya, and five mem-bers of the Vashchenko family ran past guards at the U.S. Embassy here in 1978 and lived in the basement imtil three months ago, when they were told they would be allowed to leave the country.

The Pentecostalist sect is not ofknown to have relatives abroad but ficially recognized in the Soviet

cution unless he or she can prove to

have actively tried to prevent vio-

the opposition of being "Thatcherites," but Mr. Kohl has also ap-

(Continued on Page 2, Col. 4)

Mr. Zimmermann's critics ac-

of being persecuted their beliefs. York Times reported earlier from

Some State Department officials said the Soviet decision to allow the Chmykhalovs to emigrate was con-nected to the forthcoming conclu-sion of the East-West conference in Officials said last week that the Soviet authorities had assured Washington that some dissidents

would be allowed to leave this year. They said Saturday that the Chmykhalovs were among those they had in mind. Emigration permission for all the

Bernard Gwertzman of The New

Pentecostalists who lived in the em-bassy had been promised confidentially to the United States by Soviet officials, State Department offi-

cials said Saturday.

In Madrid, the United States agreed formally Friday to a compromise document on security and numan rights to conclude the Madrid review conference and possi-

A high government official who was asked whether Mr. Zimmerbly open the way for high-level Soviet-U.S. meetings. mann was an embarrassment to the Max M. Kampelman, the chief government said, "No, but he does U.S. negotiator at the Madrid congo too far in his public statements ference, appeared to refer to such estures as the Russians' decision Mr. Zimmermann is the sponsor to release the Chmykhalovs when of a new law under which a particihe explained why the United States had decided to accept a compropant in a demonstration that turns violent is subject to criminal prosemise document to conclude the

three-year-old meeting. He said the United States "noted and welcomed a few gestures from the Soviet Union and will continue

case him of finding citizens "guilty to encourage further such steps." imtil proven innocent," and they Meanwhile, U.S. officials said say that be has given new currency that all that remained for discusto the old German phrase that sussion at the Madrid conference was pects who are "caught together must be hanged together." a demand by Malta for a Mediterranean security meeting — a de-mand opposed by most partici-parts in Madrid. Gerhard Stoltenberg, the finance minister, and Otto Lambsdorff, the economics minister, are accused by

U.S. officials said that Secretary of State George P. Shultz was tentatively planning to attend the sign-ing ceremonies in Madrid and would use the occasion to confer with Foreign Minister Andrei A. Gromyko of the Soviet Union.

It is possible, because of August vacations in Europe, that the cere-mony and the Shultz-Gromyko meeting might not occur until Sep-tember. The two diplomats, offi-cials said, could beip prepare an eventual meeting between President Ronald Reagan and Yun V. Andropov, the Soviet leader.

Mr. Reagan issued a statement shortly after Mr. Kampelman announced U.S. backing for the compromise document. He said the United States would sign the document without any illusions about "the nature of the Soviet Union,"

(Continued on Page 2, Col. 5)



STRAUSS SUPPORT SLIPS - Franz Josef Strauss was re-elected leader of West Germany's Christian Social Union on Saturday at the party's congress in Munich. But Mr. Strauss received just 662 of the 949 delegates' votes, 200 fewer than in 1981 and the lowest vote for his re-election in his 22 years as party leader.

Socialist International Leaders Push These include a fundamental de-hate over whether the United Managua to Liberalize, Sources Say

By Juan de Onis

International Herald Technic RIO DE JANEIRO - Leaders cording to the paper, contends that of the Socialist International have believe there is imminent danger of it would be better to pull out of sent what one Latin American political source said was an ultimatum to Nicaragua's Sandinist leading to protect U.S. interests with ers to move promptly to establish

ist orientation of the Managua regime was sent to the Sandinist commanders after a meeting last week in Madrid attended by Prime Minister Felipe Goazález of Spain: Willy Brandt, the former West German chancellor; Carles Andres Perez, former president of Venezuela: has ousside the Communist world and Daniel Oduber, former presi- by delaying a democratic election. cent of Costa Rica.

The Socialist International pro- for four immediate moves by the vided arms and money, as well as Sandinis: leadership: its political influence, to support the Sandinist uprising that toppled the dictatorship of Anastasio Somoza in 1979.

Sources familiar with the outcome of the Madrid meeting said bonal commission, with representhe Socialist International had in- tauon from all political sectors, to dicated that it was prepared to draft a constitution that would pro-withdraw its support from the San-vide guarantees for a pluralist podinist regime unless the original litters system hased on free elec-goals of the revolution, which included the establishment of political democracy, were implemented that would provide guarantees The sources said the Madrid de-parties, some of which are now out-

cision reflected concern over grow- laned.

aoending the meeting reportedly would have destabilizing effects throughout the region. The Socialist International

pluralist democracy or face a loss of support from the group.

A letter containing four demands that would soften the Marxtain conflict in Central America by working out a regional peace plan. The letter sent to the Sandinist regime indicates that the Socialist

International leaders believe the Nicaraguan leadership is jeopardizing the international support it by delaying a democratic election. The sources said the letter called

· An approuncement that general elections would be helo next year. rather than the 1985 date that Managua has taiked of.

 Appointment of a constitu-• Premuigation of an electoral

ing evidence of U.S. military sup-port for ann-Sandinist guerrillas operating out of Honduras. Those

A copy of the letter reportedly was sent to President Fidel Castro. Cuba has provided military equip-ment and advisers to the Sandinists, as well as thousands of doctors and teachers.

The letter makes no mention of Nicaraguan support for the leftist guerrillas trying to overthrow the U.S.-backed government in El Sal-

The Socialist International favors an opening of negotiations be-tween the political arm of the Salvadoran guerrilla movement, the Revolutionary Democratic Front and the government of President Alvaro Magaña, on the condition that a cease-fire be declared and supervised elections held.

The Salvadoran government and the Reagan administration are believed to want to improve Salvadoran military control over key areas of the country before entering uno any talks. Some members of the Reagan

administration are said to hope that U.S.-backed Nicaraguan guerrillas will trigger a popular oprising against the Sandinist regime, neu-tralizing Cuhan-backed military forces in Central America and thus of the existence of a wide range of preventing the Salvadoran guerrilhis from negotiating from a position of strength.

Chad Bars Cease-Fire **Until the Libyans Stop Supporting Insurgents**

that things have changed since then hand by Chancellor Kohl, who and that new approaches to the himself likes to be seen in a more

benign light.

NDJAMENA, Chad - The northern Chad. Chadian government will not agree volvement in the fighting, a govern-

maila Mahamat, said another precondition for a cessation of hostilities was that the Organization of African Unity's ad hoc committee on Chad be reactivated.

Mr. Soumaila was responding to appeals Saturday from the OAU's nine-nation working committee for a cease-fire, noninterference by foreign powers, and talks leading to national reconciliation.

The ad hoc committee, distinct

from the working committee that met Saturday in Addis Ababa, was formed in 1977. It still exists but has not met during the latest fight-ing between President Hissène Habre's army and the rebel forces of Goukouni Oueddei. The Chadian government insists that Libya controls the rebels and

is responsible for their actions. It therefore refuses to negotiate sepa-rately with Mr. Goukouni, a former president of Chad. "The rebels and Libya are struc-turally connected," Mr. Soumaila

said, in what amounted to a restatement of the government's previous Mr. Habré's government has consistently favored using the ad hoc committee, set up to examine the long-standing quarrel between Chad and Libya over frontiers and other issues, to mediate in the con-

Saturday's communique by the working committee urged Men-gistu Haile Mariam, the OAU chairman, to use his good offices, including a possible reactivation of the ad hoc committee, to end the

The official Chadian press Satur-day rejected any idea that factions existed in Chad that should discuss the conflict.

An official source of the foreign liasion bureau "warmly welcomed" the OAU statement, saying it "conveys the OAU's determination to deal with the Chadian problem within the African framework, especially considering that the Chadian problem is in reality an internal one which depicts the struggle for power between the different Chadian factions."

Prisoner Presented

The Chadian authorities presented to Western journalists Sunday a barefoot, frightened-looking black youth who said he was a Libyan Army corporal taken prisoner last week in contheastern Chad.

The Associated Press reported that the youth characterized himself as a reluctant recruit who was

sent last month to a rebel base in

The prisoner said he carried bo to a cease-fire or talks to end the Libyan identity card and that he civil war until Libya stops its in- had been instructed by superiors to deny his nationality if captured.

The prisoner said he was told ment official said Sunday.

The information minister. Southeir mission was to liberate Chad.

Lucy Langley-Williams, 60, who suffered three broken ribs in a helicopter crash, was brought ashore from a lifeboat Saturday at St. Mary's Island.

20 Killed Off Scilly Isles In Crash of a Helicopter

PENZANCE, England — Twenty persons, including eight children, were killed Saturday in a helicopter crash near the Scilly Isles, off the southwest coast of England, officials said Sunday. The cause of the crash was still unknown, they said

Six persons, including two children and the two pilots, survived.

However, two entire families were reported killed, as well as a prominent orthopedic surgeon, Dr. David Fuller, 42.

The crash involved a British Airways Sikorsky S-61 on a shuttle flight from this seaside resort to the Scilly Isles group that begin about 25 miles (40 kilometers) off Land's End. The crash occurred about a mile from the islands and the helicopter sank in 200 feet

(60 meters) of water. Divers were reported ready to descend to the wreckage. The managing director of British Airways helicopters, Michael Ginn, said Sunday night: "It has not been possible to determine

Another aviation expert, Captain Eric Brown, said that it was possible that the crash had been caused by seabirds. Several found dead near the site of the crash were taken ashore for examination. Dr. Adrian Davis, an island phsylcian, said the survivors told him that the two pilots. Captain Neil Charlton and Captain Dominic Lawlor, had helped to keep the others affoat for about an

It was the state-run airline's first loss in its island run since the service started m 1964

Pravda Calls U.S. Stand On Missiles One-Sided. Presses a Soviet Plan

By Serge Schmemann

New York Times Service MOSCOW - The Soviet Union has charged that recent U.S. proposals at the strategic-arms talks in Geneva were one-sided efforts to gain military advantage, and Mos-cow pressed its own plan for an overall limit on all types of war-

An editorial in Pravda, carried Friday by Tass, criticized in detail the proposals set forth last month by President Ronald Reagan but offered no details of the Soviet plan. Although reports from Washington said the Russians had made some new proposals at the Geneva talks, Western diplomats said the Pravda editorial did not appear to represent any movement from pre-viously publicized Soviet positions.

Pravda said that Moscow favored a "comprehensive approach," placing an overall limit on warheads however they might be deployed. "All nuclear warheads would be equally taken into account within the framework of the agreed-upon ceiling," it said.

U.S. Shifting Priorities at Federal Labs

By John Wilke

WASHINGTON - The Reagan administration plans to curtail research on alternative energy sources and expand efforts to develop new weapons at several of the nation's federal laboratories, according to the White House science

The move is part of the administration's effort to redefine the role of the labs to make them more responsive to national needs and more in tune with administration priorities, Dr. James G. Ling, executive director of the president's Office of Science and Technology Policy, said Friday. The labs have an annual budget exceeding \$15 bil-

In a one-year study of the problems and potential of the govern-ment's research facilities, a presidential panel found that many of the 755 U.S. labs suffered "serious deficiencies" that compromised the quality of their research and their cost-effectiveness. The panel's re-port, released Friday, recommended greatly expanding access to the labs by private industry, universi-

ties and the military.

The panel was chaired by David Packard of the Hewlett-Packard Co. It included Dr. Edward Teller, an advocate of stepped-up nuclear ent, Dr. Albert Wheelon of Hughes Aircraft Co. and physicists from Yale University, the Massachusetts Institute of Technology and the University of

Although the panel did not recommend closing specific labs, the report said funding at individual facilities should be allowed to increase or decrease, "to zero if necessary." to meet national needs.
"This isn't a budget-cutting exer-

cisc, it's an effort to get a better Ling said. He said many of the labs had had management problems and an uncertain sense of mission as successive administrations set

For example, he said, some of the labs traditionally associated with weapons work, which began doing research during the Carter administration on alternative energy sources, would be steered back

to their original mission.

The panel's report concentrated on laboratories operated by the six U.S. agencies with the greatest share of research funding: the departments of Defense, Commerce, Agriculture, Energy, and Health and Human Services, and the National Aeronautics and Space Ad-

Among the panel's recommendations are the following:

• Relaxing federal procurement

requirements to encourage more cooperation with private industry.

• Legislative changes to free the labs from the constraints of the Civil Service system. The panel found that almost all of the labs, both government-operated and contractor-operated, "suffer seri-ous disadvantages in their inabilities to attract, retain and motivate scientific and technical personnel" because of the Civil Service system.

grams and staffing for the labs can be properly planned.

• External oversight by a committee on which industry and university interests would be well-rep-

· Multiyear funding so that pro-

• Appointing facility directors for specific lengths of time and holding them "accountable for the The Defense Department wants to build 100 MX missiles, each of which can carry 10 independently MX argued that it would change targetable warheads, to replace the quality, relevance and productivity of the laboratory."

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health and the home.

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STYLE PAGE

next Thursday, July 21.

"The Soviet Union proposes that the total aggregate level of nuclear trheads on strategic delivery vehicles of the sides should be below the number of nuclear warheads that the United States now has. Exactly this approach is the basis of the draft treaty that was submit-ted by the Soviet delegation in Ge-

ducing warheads to a level below the approximately 7,000 deployed by the United States, possibly to the 5,000 limit proposed by Mr. Reagan in May 1982. But the Soviet formulation

would allow the Russians to keep their big multiple-warhead ballistic missiles, an arsenal the Americans have insisted must be reduced. Under current U.S. proposals

only 2,500 of 5,000 warheads could be based on land, and the overall number of missiles would be limited to about 1,200. But the Soviet side would, additionally, have to restrict its force of big SS-17s, SS-18s and SS-19s, the backbone of its strategic forces, by two-thirds, to

American experts argued that the Soviet formula would leave intact the Russians' most formidable

reapons.
The Prayda editorial said deep cuts in the number of missile launchers and limits on land-based intercontinental missiles would gravely weaken Soviet nuclear forces, which are primarily land-

The editorial further contended that the U.S. focus on missiles es-sentially left Washington free to deploy thousands of cruise mis-siles, B-1 bombers and other new

Pravda said the selective limitations proposed by Washington were a "double standard" that would sharply reduce Soviet strategic systems while allowing the Americans to upgrade theirs.

TORONTO - The Canadian

government has approved testing of the U.S. cruise missile in Cana-

issue between the two countries.

and running for five years. The said. final decision, made by Mr. Tru-

Eachen had suggested that Canada

ibility in arms talks with the Rus-

New York Times Service

summer Saturday session that most

members did not want, the Senate

schedule a major vote because there were so many parliamentary

maneuvers and intemperate

flashes, and so much talk.
"The filibuster is on," Senator

John G. Tower, Republican of Texas, said wearily midway through

would negotiate "deep reductions" in its missile force.

which can carry 10 independently

aging arsenal of intercontinental

WASHINGTON - In a mid-

might link its approval to U.S. flex- posed.

Canada Will Let U.S.

Test the Cruise Missile

Despite public protests across the security of both our nations and Canada, the Liberal government of of our allies by demonstrating our

Pierre Elliott Trudeau said Friday commitment to a strong deterrent

that it would allow four to six test and to promoting stability," a flights annually, starting next year statement by the U.S. Embassy

dean's cabinet, was passed on im-mediately to U.S. officials.

External Affairs Minister Allan cruise testing by a margin of 213 to MacEachen said at a news confer- 34, and Mr. Trudean recently

rity of Western nations hinges on tion, most members of the Progres-

maintaining an adequate deterrent sive Conservative Party favored ap-to aggression. In March, Mr. Mac-proval. Only the leftist New

Mr. MacEachen said Friday that signed to allow the testing of non-

Canada supports the ultimate abo-lition of all nuclear weapons but that that goal is not achievable in the near future.

Top U.S. officials, including Vice President George Bush on a recent visit to Canada, have em-

the unarmed missiles in Alberta be- to make a yes-or-no decision spe-

cause of terrain there similar to that cifically on the cruise. Canadian in the Soviet Union. The cruise, officials have privately expressed

directed by its computer, can fly at gratitude for this respect, due to the

low altitudes following the con-public opposition to the missile.

MX Missile Opponents

By B. Drummond Ayres Jr. missiles now in place. The system

bogged down in a debate over the ons. That proposal led to Satur-

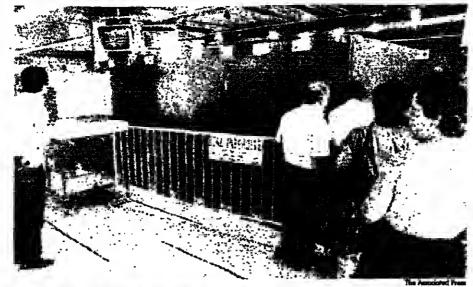
MX missile and other weapons sys- day's unusual weekend session.

President Ronald Reagan, equal-ly frustrated, said in his weekly bate on the implications of the mis-

adding a sweetener, the president on the missile could be delayed until late next week, the House production if the Soviet Union might vote on the system first and

Delay Vote in Senate

The United States wants to test phasized that Canada had the right



Travelers peer behind the wall erected at the bombed Turkish Airlines counter.

6th Victim Dies From Bomb Attack At Orly Airport

Compiled by Our Staff From Dispatches PARIS -A sixth person has died from the bomb attack Friday at Orly Airport claimed by Armenian extremists. Sixty persons were injured in the attack.

The victim was a 24-yearold American student in Paris who also holds Greek nationality. He was seeing off his Turk-ish fiancee at Orly. She was not at the Turkish Airlines counter when the bomb, hidden in a suitcase, exploded, police said. Three French citizens and two Torks were killed.

The Secret Army for the Liberation of Armenia said it had planted the bomb. The group wants Armenian independence from Turkey and Turkish recognition of the massacre of Armenians in 1915. The bombing followed the slaying of a Turk-

menian extremists Thursday. Ara Toranian, the Parisbased head of the Armenian National Movement, a political group that backs the extremist group, said in an interview with the Journal du Dimanche that he disapproved of the airport attack. But he was quoted as saying that the group's leaders had been driven to "a strategy of densis"

6,000 Join Hands in London Protest set the stage for meetings Thursday and Friday between President Amin Gemayel of Lebanon and top U.S. officials, including Mr. Shultz and President Ronald Rea-Against U.S., Soviet Nuclear Arsenals

By Peter Osnos

LONDON - About 6,000 antinuclear protesters joined hands Saturday in Hyde Park in a human chain that linked the U.S. and Soviet embassies on the 38th anniversary of the first explosion of an atom-

The event was unusual in that it

tours of the terrain to avoid detec-

tion by enemy rader and to find its

lieve this decision will conto bute to

The Canadian approval was

Democratic Party has been op-

The approval comes under an

carlier general agreement already

would cost more than \$20 billion.

now before the Senate proposes

spending \$4.5 billion next year to

acquire the first batch of the weap-

Armed Services Committee.

charged as the session got under

way that MX opponents were using

delaying tactics because "they ob-viously don't have the votes."

orado Democrat and presidential candidate who heads the loose anti-

MX coalition, countered that no

filibuster was under way, only de-

defeat it or cut it up a bit.

Little was said in Saturday's de-

U.S. strategy because it was a

weapon that could not be defended

and therefore would be perceived

25 a "first-strike" weapon. Propo-

needed because other U.S. inter-

continental weapons were obsolete

and because it would force the So-

viet Union to treat disarmament

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talks more seriously.

But Senator Gary Hart, the Col-

The military authorization bill

Mr. Tower, who heads the

Union as at the United States, the organization's most ambitions Identical letters were delivered to in several months. The biggest of officials of the two embassies call- the fall will take place Oct. 22, ing on the superpowers to declare when organizers hope to have a an immediate freeze on nuclear lange crowd fill Hyde Park in one weapons.

United States first tested an atomic government before the missiles are bomb in the desert near Alamogordo. New Mexico.

Large balloons representing the Earth were passed hand-over-hand across the mile and a half (2.4 kilometers) that separates the embassies, which are at opposite ends of the park.

The demonstration was organized by the Campaign for Nuclear Disarmament, the largest of Britain's anti-nuclear groups. Unlike most protests over the past year, this one was not specifically simed of the U.S. cruise missile in Cana-da, resolving a delicate diplomatic at the Canadian decision. We beat the planned deployment later this year of new U.S. mediumrange misales in Britain.

> With deployment now widely accepted as a certainty, unless a U.S.-Soviet agreement on the missiles is reached in the Geneva arms talks, seems to recognize that as deploy-the disammament group seems to be ment of the missiles approaches, a emphasizing again its broader op- resurgence of the anti-nuclear position to moclear weapons.

> bassies said, "as a prelude to mak-ing massive unilateral cuts in your come operational. He said the gov-nuclear arsenal, leading to multilat-erument had "no intention" of giv-

Saturday's demonstration was last major attempt to influence the It was on July 16, 1945, that the Geneva negotiators and the British

deployed. Two weeks ago, the women of the Greenham Common peace camp, located at the gates of the base where the missiles are to be deployed, staged four days of demonstrations in an attempt to blockade the base.

Nonetheless, the demonstrations received relatively little press and public attention here and abroad. The Daily Mirror, which had been sympathetic to the Greenbam Common women, published an article last week by an undercover reporter who said that the camp had become filthy, that many of the women are lesbians and that few scemed interested any longer in discussing nuclear acros.

Even so, the government still movement may well take place. In a "We demand that you agree at meeting with foreign correspon-once to an immediate freeze on all dents last week, Defense Minister nuclear weapons," the letters ad- Michael Heseltine said that there dressed to the Soviet and U.S. em- would be no formal ceremony eral and complete nuclear disarma- ing its opponents an opportunity to arouse public sentiment.

'Hot Autumn' Feared By the West Germans

(Continued from Page 1) pointed a liberal and popular labor even asked the Russians how they minister, Norbert Blim, who is re-would feel if someone built a wall

sisting this tendency. In foreign policy, the accent has mity not change, according to foreign diplomats. Mr. Kohl speaks a different language than Mr. Schmidt, but much of the difference is tactical, they say.

In Moscow, Mr. Kohl aggressively stressed his closeness to President Ronald Reagan and almost flaunted his commitment to deployment of the U.S. missiles.

Peter Bönisch, the government spokesman, said: "We thought the more we stressed our integration in the Western alliance, the more seriously the Russians would treat us, and it worked."

At the same time, through a bil-liou-mark (\$386.1-million) credit tions conducted by Franz Josef bers point out that only Germany Stranss, West Germany's most con- has been asked to deploy the new servative leader, the Kohi govern- Pershings while the other European ment signaled its willingness to be countries will take the slower cruise flexible in dealing with the Com-

mist bloc. Mr. Kohl is anxious above all to protect the difficult relationship setween the two Germanies from the expected deterioration of East-West relations because of the missile deployment, an official said. The new West German govern-

radio address that if Congress sile to the arms race, interspersed would approve the MX system, "our agenda for peace will be strengthened even further." Then, adding a sweetener, the president on the missile could be delayed to the president of the missile could be delayed to the arms race, interspersed with action on other matters. No one else in Europe attached

> sion in Madrid of the Conference on Security and Cooperation in Eunents argued that the missile was The feeling of being "at the center" of the dispute on the missiles, of being the "most exposed" coun-

try but also of being entitled "to be

more importance than the West

heard" is pervasive in West Germa-By today. Some call it patriotism and a new self-assertiveness. Some think it amounts to a new nationalism. Chancellor Kohl often talks of the Fatherland, and this talk is going over well with middle-class

fication of the two Germanies. He through Moscow.

To this, the daily Frankfurter Allgemeine Zeitung wrote in an editorial: The West must apply the values of national self-deter nation and human rights also to the German question."

The new tone is not the monopoly of Mr. Kohl and his supporters. Hans-Jochen Vogel, his opponent in the election campaign, empha-sized "the German interest" when talking about the U.S. missiles. The implication was that what might be good for the United States or even NATO may not be good for Ger-

Even in the peace movement, a specific German national note can given to East Germany in negotian sometimes be detected. Its mem-tions conducted by Franz loser bers point out that only Germany missiles, which are less objectional to the Russians.

ments are at stake in the present phase of Lebanon's travail, according to Mr. Salem.

"For us time is of the essence. Mr. Salem said. "We cannot afford to say the month of August is the at a standstill. And the next meeting will be in September when the United Nations meets and the foreign ministers come to New York. We cannot think like that at all . . . "We do not mind if one idea fails

Lebanon,

U.S. Plan

New Talks

Teams to Seek Ways

To Reassure Syrians

By Don Oberdorfer

Washington Post Service

States and Lebanon have begun

work on a new diplomatic attempt to break the deadlock encountered

by Secretary of State George P. Shultz on his recent Middle East

trip, Foreign Minister Elie Salem of Lebanon said.

Mr. Salem, who conferred with Mr. Shultz for more than an hour at

ty will be protected after its troops are withdrawn. If Damescus can be

persuaded that tengible gains have

been made, he said, it may be will-

ing to reverse course and move to-

ward withdrawal without formally

accepting the recently negotiated Israeli-Lebanese pact. The initial discussions here will

rem parties, Mr. Salem said.

A Washington visit next week by Prime Minister Menachem Begin of Israel will provide an occasion

for presenting new options to Isra-

Mr. Salem held out the possibili-

sions within the next few weeks,

ty of a renewal of U.S.-Syrian dis-

despite the stone wall that Mr.

Shultz encountered in his five-hour

session with President Hafez al-

Assad in Damascus on July 6. "I

think it is in the interest of both

Syria and the United States to have

"We have a great sense of urgen-

cy. Our economy is threatened be-

cause of the stalemate. There is

danger of demoralization of our

population. ... There is danger of losing the national consensus," said

Mr. Salem, who arrived in Washington amid reports of renewed

fighting between ethnic and reli-

U.S. credibility in the Middle East and the validity of its commit-

gious groups in Lebanon.

a continuing dialogue," he said.

from Lebanon.

WASHINGTON - The United

and then we try another. We do not mind if the process continues more than a month or two or three or four, provided all the time you are testing credible ideas, you are pursuing them and you are not just waiting for Godot."

At present, he said, a major problem is the "very close" alliance of Syria with the Soviet Union, which he described as "determined to foil American plans in Lebanon or any Middle East plan in which

they are not a part."

Mr. Salem also said that Syria has fears about the Israeli-Lebapese agreement, believing that it brings in the American presence to Lebanon" and "converts a big part of Lebenon into an Israeli pro-

 New Fighting in Clark Region
Renewed Christian-Druze fighting in the mountains east of Bernt Sunday shattered a 17-hour informal truce between the rival factions, United Press International reported from Beirut.

Officials of rightist Christian militias accused their Druze adversaries of opening artillery fire at two villages in the Chuf Mountains without provocation. Druze spokesmen were not available for comment on the clashes. Security sources said the shoot-

It is pointed out that West Gering was less intense than a six-bour many will have no control over use artillery duel between the two sides

WORLD BRIEFS

Greek Aide Sees Limit to U.S. Bases ATHENS (UPI) - Greece said Sunday that the administration in power in Athens in 1988 will be legally obligated to start closing U.S. military bases under the terms of the new agreement with the United

States. ing on the possibility that Prime Minister Andreas Papandress could be voted out of office in 1985, the government spokesman, Dimitrios Maroudas, said the agreement reached Friday that controls the

Dimitrios Maroudas, said the agreement reached Friday that controls the operation of four main bases and 16 secondary installations would become law after ratification. "Whatever government is in power in 1988 will be bound by law to execute its terms," Mr. Maroudas said.

The agreement, initialed Friday by the U.S. and Greek governments, will go into effect by Jan. 1, 1984 and will expire Dec. 31, 1988. Mr. Maroudas said that under the terms of the agreement, the Greek government would have to warn the United States in August 1988 that the dismantling of the bases must begin at the end of that year. Mr. Papandreou said Friday the United States will have 17 months to dismantle and close the bases after the expiration of the agreement.

Uruguayan Military Seeks '84 Vote

the State Department on Saturday, said afterward that U.S. and Leba-MONTEVIDEO (AP) — The military government has said that elections will be held next year and that power will be turned over to civilians in 1985 despite the failure of negotiations on a new constitution. In a message broadcast Friday night, the armed forces said they would dictate the terms of a new national charter unless representatives of the nese diplomatic teams will engage in detailed discussions here Monday and Tuesday on "specific points" to be presented to Syria and Israel as well as to moderate political parties agreed to work toward agreement on a constitution. The armed forces said the decision was the result of deliberations Wednesday and Thursday among active generals and admirals and the president, Arab nations in the quest for with-drawal soon of all foreign forces Among the ideas being considered. Mr. Salem suggested, are ways to assure Syria that its securi-

General Gregorio Alvarez.

The statement said general elections would be held in November 1984 and that power would be handed over to elected authorities March 1, 1985. There was no immediate reaction to the request that constitutional talks be resumed by the legal political parties.

Police Fire at Rioters in Londonderry

BELFAST (AP) - Police fired plastic bullets at rioters early Sunday. when up to 100 masked youths, many armed with gasoline bombs, moved toward the center of Londonderry in Northern Ireland's seventh straight day of street violence.

They set one building aftre and hurled about 60 bottles of flaming gasoline at police before they were dispersed, authorities reported. Officials said they had no reports of injuries and blamed the violence on supporters of the outlawed Irish Republican Army.

In another development, a British Army spokesman said experts gan, aimed at producing "a timeta-ble for action or for testing ideas within a very short period" through presentation to other Middle East-

defused a bomb Saturday night containing 400 pounds (180 kilograms) of explosives that was found beside a road in County Londonderry. It was similar to one that killed four Ulster Defense Regiment soldiers in their patrol car Wednesday.

Israel Seeks to Build Own M-1 Tank WASHINGTON (UPI) — Israel has asked for permission to manufacture its own sophisticated M-1 bettle tanks rather than buy the \$1.2 million vehicles from the United States, according to a secret General

Accounting Office report. The report also says the invasion of Lebanon last year provided Israel with an armaments bonanza, bolstering its arsenal with hundreds of captured Soviet tanks and artillery pieces and tons of munitions. The GAO report, issued publicly in an unclassified version on June 24, was made available to some news organizations in a largely unexpurgated form by the American-Arab Anti-Discrimination Committee.

Six pages of the ordinarily highly secret information — mainly from the Central Intelligence Agency and the Defense Department — was not made available to the committee. The Justice Department, at the request of the GAO, has opened an investigation into how the committee got the report, which was prepared for Congress. The missing six pages of the original report, mainly dealing with the Arab-Israeli military balance; have been made available to United Press International. These pages report on the tank request.

Austrian City Orders Dioxin Moved

LINZ, Austria (AP) - City officials have ordered Chemie Linz, the last European producer of dioxin, to start ridding its pesticide plant of boxcars full of the toxic chemical waste by Tuesday or face partial

closure, according to news reports.

Officials of the company reportedly protested the order and claimed they needed at least 14 days to dispose of the dioxin, a byproduct of their manufacturing process. The waste is said normally to be shipped through West Germany for incincuation on ships in the North Sea. Several ers have said that Bonn recently closed its territory

of the dangerous waste, reports denied by Chemie Linz officials.

Kurt Steyrer, Austria's health minister, said Saturday he favored closure of the plant, but he did not elaborate. Environmentalists in the region, in northwestern Austria, have recently stepped up their campaign to end dioxin production in Linz:

Walesa Assails Proposed Regulations WARSAW (AP) — Lech Walesa, the leader of the banned Solidarity

WARSAW (AP) — Lech Walesa, the leader of the banned Solidarity trade union, says the Communist government is further alienating the Polish people by preparing tough new regulations to replace martial law. Mr. Walesa, returning Saturday to Gdansk from an unauthorized vacation, said in a telephone interview that he would continue defying the authorities by extending his vacation until Ang. I.

Mr. Walesa said that the new laws being prepared by the Polish parliament would "widen the gulf dividing this society." The regulations, which are expected to be passed by parliament this week and replaced to the parliament this week and replaced to the parliament that th

martial law, would tighten controls on workers, students and academics."

Hijacked U.S. Airliner Lands in Cuba

MIAMI (Reuters) - A Delta Air Lines Boeing 727 sirliner injacked over Florida with 100 passengers and seven crew members aboard landed safely Sunday in Havana, U.S. officials said.

A spokesman for the Federal Aviation Administration said that at least

three men had hijacked the plane, which was on a flight Sunday morning from Miami to Tampa.

It was the third sidiner hijacked this mouth and the seventh hijacked this year while flying into or out of Miami, officials said.

For the Record

MOSCOW (Reuters) — The Soviet Union has appointed its former-envoy to Poland, Boris Aristov, to the post of deputy foreign minister. Tass said Sunday.

VIENNA (Reuters) — Cardinal Franz König, 77, the Roman Catholic-archbishop of Vienna, was quoted Sunday in the independent daily Neue Kronen-Zeitung as saying he will retire after a visit to Austria by Pope. John Paul II in September.

LISBON (Reuters) — Portugal and the United States will resume negotiations Monday on renewal of the lease on the U.S. air base at Lajes in the Azores, five months after the previous agreement expired, accord-

Soviet Pentecostalists Are Said to Get Visas Salvadoran Labor (Continued from Page 1) East-West dialogue beyond the missile issue. "New aegotiating tables" must be found, an official said. No one else in Europe attached (Continued from Page 1) Ural Mountains, rather than only to the 150-mile band fon the west-interest in border provided for in the Helsinki Conference on Provided for the 1975 Helsinki Conference on Provided for the 1975 Helsinki Conference on Provided for the Helsinki Conference on P

ki conference on European security ings will include and cooperation, which was signed itally with hum by the United States, Canada, 32 man contacts. European nations and the Vatican. The Helsinki document provided Madrid document would add "imfor measures to enhance security,

economic cooperation, human sinki accords that "deal with the up a follow-up meeting in Stock- tacts and family reunification, ac- of Europe.

An agreement is to be negotiated terrorism." calling for states to notify others of The U.S. delegate also said that ship with the Soviet Union. certain maneuvers. "We must all consolidat

in Moscow, he was bold enough adopted at Stockholm "will apply "It clearly states that participational taboo and to all of the European portion of ing states "will ensure the right of ideas that they embody are given call for the eventual peaceful reuni-

ings will include two dealing specifically with human rights and hu-

portant new provisions" to the Helholm next January "to work out cess to diplomatic and consular "We will sign it with the hope detailed measures to reduce the missions, information, rights of that it will serve as a step toward

Mr. Kampelman cuphasized language on trade unions was obtain the notification measures to be tained in the document.

A STATE OF THE PARTY OF THE PAR

Language was also obtained, Mr. Kampelman said, to protect individuals trying to monitor a country's compliance with the accord. The president, in his statement Mr. Kampelman said that the on the compromise said:

"We have agreed to this concluding document, as we did in 1975, to the Helsinki Final Act itself, with rights and a flow of ideas and peo-rights of workers to organize, with no illusions about the nature of the ple between East and West. rights of workers to organize, with no illusions about the nature of the human rights, with Helsinki moni-The Madrid agreement also sets tors, religious rights, human con- which it seeks to impose over much

fear of surprise military attack." journalists and measures against achieving our objective of a more stable and constructive relation-

We must all consolidate and build on these gains. We must ensure that good words are transformed into good deeds and the

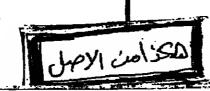
SAN SALVADOR - EI Salva-

dor's largest labor organization has urged postponement of the presi-dential elections scheduled for later in the year and said a proposed constitution would perpetuate the violence here.

A statement released Saturday by the Popular Democratic Union . said the government should delay elections until 1984 to encourage leftists to participate in the voting -

"We reiterate our call for dialogue so that a political space can be guaranteed to the conflictivesector so that it can participate in future elections," said the state. ment signed by five groups claiming to represent about 500,000 la-boters. President Alvaro Alfredo Magaña said last week the elections would probably be held the second or third week of November.

هكذا من الدِّميل



'Demon Gossip' Descends on Washington's Innocents

By Francis X. Clines

New York Times Service

ORLD BRIEFS

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الأعتدا مداء

- J. Berezak

are Army FOLESTING 84:

Acoustic Report of the

WASHINGTON - As the O'Connor family stood on Pennsylvania Avenue and peered be-tween the bars of the White House fence, the freckled faces of the youngsters bore witness to the goodness of ordinary Americans that all presidents say is out there.

Inside the White House, there was talk of torn spirits slowly healing in the West Wing after two straight weeks of strain over the story of the purioined campaign papers. Well away from the Oval Office, there was mild cackling at still another joke about the bit of comic relief mercifully sup-plied to this suspicion-wilted city by way of California.

"I can't help h if someone on those tapes looks exactly like me," an administration official said, straight-faced, building a mock alibi as word spread on the latest bulletin about the pornographic videotapes that may or may not

By Sandra Evans Teeley

and Joe Pichirallo

Washington Post Service

setts Democrats are predicting that Representative Gerry E. Studds's

political career may survive last week's disclosure that he had a ho-

mosexual encounter with a House page in 1973, while Illinois politi-

cians are more pessimistic about the fate of Representative Daniel

B. Crane, the Illinois Republican who has admitted having a sexual relationship with a 17-year-old fe-

Mr. Studds and Mr. Crane both

have told reporters that they do not

plan to resign their House seats

A vote is scheduled for Tuesday

on the House floor on a recommen

dation by the House Ethics Com-

mittee that both be reprimended,

the lightest punishment the panel

can request for misconduct by a

til last December was in charge of

overseeing House pages, engaged in sexual relations with a female

page in 1980 and may have bought

ocame on the House floor. Mr. Howarth has challenged the allega-

Crete Harvey, an Illinois Repub-

lican national committeewoman who was asked about Mr. Crane's

political future, said, "I think he's cooked." She said, "I can't see that

his constituents will vote for him."

area," said Robert S. Redfern, the

Republican chairman in Mr.

Crane's district. "Something like this would have a drastic effect on

anybody. . . People don't approve

In Mr. Studds' district, Democratic Party leaders said the con-

gressman will be damaged by the chies committee report, but sever-

al cautiously predicted it would not

"The congressman has a unique degree of support in the congressio-nal district," said Mardee Kifaras,

a Massachusetts Democratic na-

tional committeewoman and a for-mer staff aide to Mr. Studds. "Most

of the people I have talked to today think he will be evaluated on his

be politically fatal to him.

This is a very, very conservative

The ethics committee also alleged that James Howarth, who un-

because of the incidents.

member.

WASHINGTON - Massachu-

Studds, but Not Crane,

Is Expected to Survive

U.S. House Sex Scandal

will tell."

exist and may or may not involve administration officials.

As is usual in this city, the acrual existence of the tapes seemed secondary to the chance to blend them into the concoction of wicked information - verified, rumored and imagined - that has left Washington bibulous with "demon gossip." Flagon-sized earfuls of the stuff are being

passed about, sloshing the reputa-tions of administration officials and White House workers. Most are innocent by all the presumptions of justice, Nevertheless, new names crop up regularly, easily, in the increasingly mindless jumble of speculation about filched papers, dumpstered documents and blue movies.

It was with great disappoint-ment, accordingly, that a White House regular emerging from the daily news briefing saw the inno-cent beauty of the five O'Connor faces arrayed at the fence suddenly yield to curiosity.

congressional record. ... Hopeful-

ly, he will serve us for many years

jndge his personal life," said Mayor Brian J. Lawler of New Bedford.

"He has done a good job represent-

ing the area in Congress. To what extent this will burt him, only time

However, some local Republi-

cans and one of the district's most

influential newspapers, The Quincy Patriot-Ledger, called for Mr.

The chairman of the Massachu-

setts Republican Party, Andrew

Natsios, issued a statement calling for new elections in Mr. Studds

district, saying that "it is not a

question of sexual preference,

which is his own private business, but the deplorable lack of good

judgment shown in getting in-volved and attempting involvement

with individuals who are both mi-

The offices of both Mr. Crane

and Mr. Studds reported that the calls to their district and Washing-ton offices were overwhelmingly favorable, with few calls for either

on Thursday that "there would be

regretted the "intemperate" remark and that the investigation had vin-

dicated the House of Representa-

Daniel Crane apologized to his constituents Saturday for his sexu-al relationship with the teen-aged

congressional page, United Press International reported from Dan-

Studds's resignation.

nors and employees."

"I don't think it is for me to

O'Connor, a policeman from like junk food." Staten Island.

Alas, thought the White House regular, the groundlings can no longer wait until the latest accounts are beamed out by all the television news cameras stationed like sentries on the North Lawn.

"Nancy, I'm interested in," explained Mr. O'Connor's wife, Carolyn. "She's lovely. I'm interested in news on her." On this occasion, an innocent question free of innuendo, the

capital seemed rescued from terminal cynicism. The story of how Reagan offi-cials obtained and used President Jimmy Carter's campaign papers in 1930 remains unfinished. But there is a sense of exhaustion among participants.

"Lord, I just wish some Susie Q. would come forward as the mole and bring an end to it," said a White House worker. "We'd all

The term of reference, "Susie Q.," is noteworthy in the context of this story. One predominantly female category of workers, whose individual members have been loosely maligned in recent weeks, is the White House cadre of secretaries and executive aides. Different sources, Republican and Democratic, have privately named several of them as possible

suspicion, no proof. When motive is questioned, possible love affairs are casually hypothesized, as if the basic explanation could never lie in executive sloppiness on the part of male Carter aides or deviousness on the part of male Reagan aides.

"moles," or informers, in the Car-

ter White House, offering only

There are Reagan officials who peripheral heat that can be generated, the better are the adminis-

wife wants to know," said John constant talk of this business is doned by the public for the basic fact at the heart of the story: the Reagan camp's admitted receipt and use of some Carter materials in preparing Ronald Reagan for the 1980 campaign's climactie de-

> Thus far, there is no shortage of tangential issues, with Republicans themselves stirring talk of some as-yet undocumented Kennedy connection, and with Democratic House leaders pleasing the White House immensely by heaping doubt on the inquiry of Representative Donald J. Albosta, Democrat of Michigan.

With no public report required from the Justice Department and with the House inquiry off to a shaky start, the basic issue in this incident - what are acceptable campaign practices? - may be left, like so much else in Washington, to the watery parameters of opinion polling. This, in turn, may or may not dictate the need take some sort of dramatic action.

U.S. To Trim Arms Sale to Taiwan, Apparently at the Request of Taipei

By Don Oberdorfer

Washington Post Service WASHINGTON - The Reagan administration has told Congress that it plans to sell \$530 million in arms to Taiwan, about \$200 million less than had been expected but still the largest such sale of the administration.

Congressional and State Department sources attributed the reduction to military officials in Taipei, who reportedly decided they did not want to buy all the arms that Washington was offering at this

The sale is certain to be criticized by China, which regards Taiwan as a wayward province that should not be sold arms by the United States or other countries.

The official notice of the long-

expected sale, apparently timed for late Friday to draw as little public attention as possible, came as U.S.-Chinese relations have shown signs of improvement after many months

These include an expected visit to Washington in September by Foreign Minister Wu Xueqian, ne-gotiations on a visit to Beijing this all by Secretary of Defense Caspar W. Weinberger and progress in negotiations in Washington last week final bone cancer, more freq on a U.S.-Chinese nuclear coopera-than the general population. tion agreement. The agreement would make it possible for U.S. firms to sell nuclear power equip-ment and fuel to China.

Still unresolved, however, is a hoped-for exchange of visits by Prime Minister Zhao Ziyang and President Ronald Reagan. The United States considers a visit to Washington by Mr. Zhao as a necessary first step toward a trip to Beijing by Mr. Reagan.

Mr. Zhao has accepted in principle a U.S. invitation but has not said when he wants to go, appar-ently because of the unsettled state multiple myeloma might actually of relations. Mr. Reagan is planning a trip to Japan, South Korea, lindoocsia and perbaps other Southeast Asian nations in November, but China is not on his itiner-

A senior State Department official, in a briefing no the ouclear cooperation talks, reported progress but no agreement in three days of discussions, Such a pact would involve re-

strictions on Chinese use and transfer of U.S.-supplied ouclear equip-ment and material and would make possible as much as \$10 billion in

ouclear sales to China by U.S. companies, according to iodustry sales are in keeping with the U.S.sources. Uotil recently there Chinese statement in August, in seemed to be little prospect of a which Washington promised to re-U.S.-Chinese agreement on nuclear duce gradually the quantity and cooperation because of China's in- quality of U.S. arms sales to Taidependent ouclear policy. However, Beijing's attitude has gradually shifted, and it is said to be preparing to join the International Atom-

ic Energy Agency. The arms sale to Taiwan announced Friday includes aircraft spare parts, surface-to-air and sealaunched missiles and kits for upgrading U.S. tanks previously sold The State Department said the

The State Department said \$320 million worth of arms had been sold to Taiwan earlier this year, but that all of the items in the ocw \$530-million purchase would not actually go to Taiwan this year. Therefore, officials said, they do not foresee exceeding a self-imposed ceiling of \$800 million in

Cancer Claim of Veterans At Hiroshima Is Rejected

By Philip Boffey

New York Times Service WASHINGTON — A National Research Council committee has found no evidence that U.S. troops who were in the Hiroshima and

Nagasaki areas shortly after the atomic bombings of 1945 developed multiple myeloma, an often fatal bone cancer, more frequently The judgment was made by six experts in radiation, cancer and re-

lated disciplines who were appointed by the research council, the operating arm of the National Academies of Science and of Engi-The finding was rejected by the

National Association of Atomic Veterans, which charged that the research council "grossly and intentionally misrepresented" its findings in a "medically criminal" effort to "whitewash the issue." have reached "epidemic proporport "in a crude political attempt" io undermine the commemoration Saturday of National Atomic Vet-

erans Day. The research council's study was sponsored by the Defense Nuclear

Agency after veterans' groups suggested that multiple myeloma was occurring with increased frequency among those who served in the U.S. occupation forces. Both the nuclear agency and the

National Association of Atomic Veterans asked veterans who had served in Hiroshima or Nagasaki to provide their names and their. health status. More than 1,100 veterans responded. From these lists, the panel confirmed that nine of the veterans had developed unultinie myeloma

Using what it called "reasonable assumptions," the panel concluded that the number of bone cancer cases reported by the veterans was smaller than would ordinarily be expected in a similar group of civilians. The panel estimated that 9 to 29 cases of multiple myeloma would ordinarily be expected in a population comparable to the 20,000 troops who served near Nagasaki, whereas only 5 cases were confirmed among the 1,100 veterans who submitted their

names. Similar estimates could not be made for Hiroshima veterans because no reliable estimates of the number of troops who served there are available, the panel said. There were four confirmed cases of multiple myeloms among the Hiroshima veterans who submitted their

The panel acknowledged that "it is quite possible that not every case of multiple myeloma has been identified."



Eddie Foy Jr., a Child of Vaudeville On Friday, Mr. Crane's press secretary, William J. Mencarow Jr., apologized for a remark he made Who Later Made Movies, Dies at 78

Representative Daniel B. Crane, with his daughter, Heidi, and his wife, Judy, speaking with reporters in Danville, Illinois, about his affair with a teen-age congressional page in 1980.

New York Times Service

and siblings in an act called "Eddie Foy and the Seven Little Poys" and who continued as a song-and dance man in dozens of musical plays and movies, died of cancer Friday in Woodland Hills, Califorms. He lived in Las Vegas.

Mr. Foy began crisscrossing the country on the vandeville circuit at the age of 5 with his father, four brothers and two sisters, along with

Mr. Crane, with his 3-year-old In later decades, the rubber-faced, loose-limbed performer scored successes in vandeville at daughter, one of his six children, in his arms and his wife of 13 years at his side, asked "God's forgivenes New York's Palace Theater, in 1927; in Jerome Kem's "Cat and admitting the relationship. the Fiddle," in 1931; in a revival of Victor Herbert's "Red Mill," in Choking back tears and speaking haltingly, Mr. Crane, 47, read a statement saying, "I didn't want to bring pain to my wife and family, which I have done. I know I did 1945; in "The Pajama Game," in 1954; and in "Donnybrook!" in

film roles were his portrayals of his Alfred Thornton Baker no Congress" if all congressmen

NEW YORK — Eddie Foy Jr., father in a half-dozen movies, inwho stept with young women had

78, the vaudevillian who toured for chuding "Yankee Doodle Dandy"
to resign. He said Friday that he more than a decade-with his father in 1942 and "Wilson" in 1944.

Thornton Baker

NEW YORK (AP) — Alfred

Thornton Baker, 68, a senior editor in 1942 and "Wilson" in 1944. He also appeared in many televi-sion comedies.

Michel Micombero

MOGADISHU, Somalia (UPI)
- Michel Micombero, 43, the former president of Burundi, died here Saturday, the state-run Somali news agency reported. Mr. Micom-bero, who had been hospitalized 11 days earlier for a heart attack, had bved in Mogadishn since his ouster

in a military coup in 1976.

Mr. Micombero, who achieved the rank of lieutenant general in the Burundi Army before his ouster and exile, graduated from the University of Somalia last year with a degree in economics. President Mohammed Siad Barre of Somalia declared a three-day official mourning period for Mr. Micombero, who was his close friend.

at Time magazine for nearly 30

years, died of cancer Friday in Washington, Connecticut. A graduate of Princeton Univerbe wrote many cover articles for Time, principally on politics, foreign affairs, art and literature. Mr. Baker worked for Newsweek magazine before joining the navy during World War II.

Sergei Shlibashvili EDMONTON, Alberta (UPI) -Sergei Shlibashvili, 21, a three-time Soviet diving champion, died Sat-urday, a week after cracking his skull on a concrete platform while competing at the World University

Mr. Shlibashvili, from the Soviet republic of Georgia, never regained consciousness after the accident.



Eddie Foy Jr. in 1933.

five divers in the Soviet Union. He was coached by Vladimir Vassin, the 1972 Olympic diving champion, and his widowed mother.

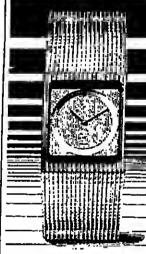
Soviet Dissident Is Reported Dead United Press International

MOSCOW - Viktor Tomachinsky, 37, a Soviet dissident who sued the KGB secret police in 1981, died in prison in the northern city

of the family said Saturday.

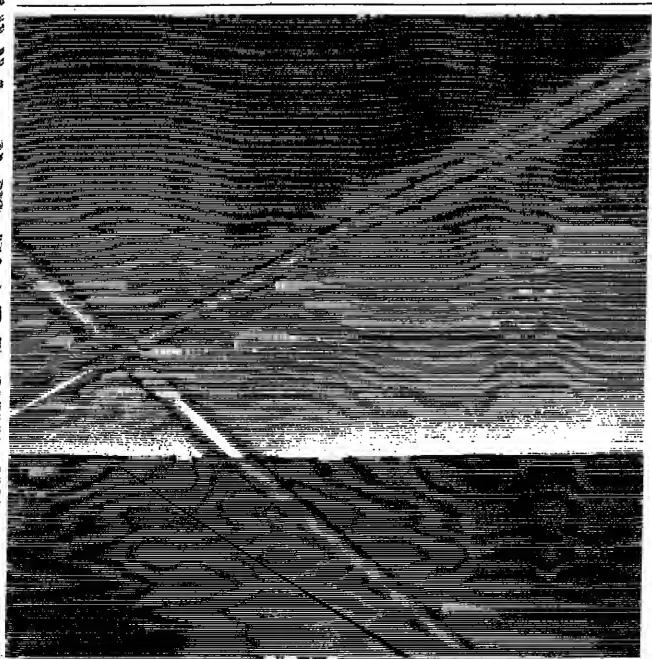
Mr. Tomachinsky, a mechanic,
was arrested in December 1981 on a charge of parisitism - refusal to work — after claiming in a lawsuit that the state security system had failed to keep a promise to let him and his family emigrate to the United States. A three-judge court ruled that it had no jurisdiction to bear Mr. Tomachinsky's complaint against the KGB. Three months later, be was convicted of parasit-ism and sentenced to a year in

According to the source, Mr. To-machinsky's wife, Lena, 31, was notified of his death — officially attributed to pneumonia — on Fri-day. In Msy, Mr. Tomachinsky was charged with anti-Soviet slander, apparently for allegedly presenting the KGB in a bad light. That case



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The players have been shuffled but the eco-

nomic policy games go on — especially the M-games. Liberal economists, newly allied with White House pragmatists, want the Fedderal Reserve to encourage recovery by letting the money supply, as recorded in M-1, its most basic measure, grow faster than planned. They point out that M-2, an alternative measure of money, is well within the target range.

On the other side are orthodox monetarists. allied with Wall Street conservatives, who plead for caution. Better a slow recovery, they say, than having to cope again with inflation. Liberals have the edge in this narrow debate. With so much excess productive capacity in the economy and real interest rates at record levels, inflation is not yet a serious threat.

What neither side acknowledges is the harsh truth that, no matter how schieved, growth

contains the seeds of its own destruction. Judging by American economic performance in the last 15 years, it has become virtually impossible to sustain both growth and stable prices. Unless the country begins to deal with the fundamental causes of stagfla-tion — the failure of prices to go down even in

stagnant years — every path to recovery will also be a path to more inflation. Washington breathed a sigh of relief when Paul Volcker, the chairman of the Federal Reserve, clamped on the credit brakes in 1979. Most economists and politicians understood that monetary austerity would greatly reduce employment and ontput, but they were willing to pay the price because the political system had frustrated every other attempt to break

the inflationary spiral.

Now that the inevitable recovery has begun, many of these same experts and politicians find it convenient to pretend that a new day

has dawned. They spread the idea that some clever combination of fiscal and monetary policies will allow the United States to reduce unemployment to acceptable levels without again triggering inflation. But since the '60s, each cycle of inflation and recession seems to have left the economy more susceptible to

inflationary pressures, not less.

Conservatives argue, correctly, that more vigorous competition could make high growth and high employment compatible with stable prices. They thus want to reduce union power in concentrated industries and to end anticompetitive subsidies to and regulations over business. But resistance is fierce. The Reagan administration can barely resist further encroachments on competition, such as higher price supports for farmers and trade protection for the auto industry.

Absent more competition, the liberal alter-

native is some sort of "incomes policy" —
preferably tax incentives that would punish both business and labor for inflationary wage settlements that drive up prices and invite still sentements that drive up prices and mivite shin higher wages. Reaganites reject such "interfer-ence" with wages and prices, apparently on ideological grounds. Big labor is equally of-fended, fearing a loss of bargaining power. There is, plainly, no mandate for reform, liberal or conservative, and in these circum-stances the producemental shapes partil the part

need for fundamental change until the next election, or until the one after that.

The inflation fever may not return until after the 1984 voting, but if the lessons of recent history continue to be ignored it will surely return, perhaps more terribly than be-fore. And the recession needed to cool that fever will be more terrible still.

- THE NEW YORK TIMES.



So Eagerly Running

Most of the candidates for the Democratic presidential nomination have been crisscrossing the country speaking to organizations that are likely to be powers at the party's national convention next year, All six prepared 10minute videotapes for delegates to the convention of the National Education Association in Detroit. Five went to Detroit to speak before the League of United Latin American Citi-zens. The same five were then off to San Antonio for the National Women's Political

Caucus, and the touring continues.

At each stop, each of the candidates seems to perform a little ritual. First comes demunciation of the Reagan administration and all its diabolical works. Then comes endorsement of just about every plank in the host organization's platform. That is accompanied by an effort to convince the audience that the candidate is sympathetic not only in his views but also in his choice of words. (John Glenn got in trouble with the women's caucus for using form, "husband and wife.")

There is something a little disturbing about this spectacle of candidates trying to convince diverse groups of their orthodoxy. The groups are seeking clues as to whether the candidates,

in their hearts, feel as strongly as the groups do about their particular issues. But that is better determined by scrutiny of a candidate's career.

The candidates, in trying to please or avoid displeasing the groups, may find themselves endorsing positions that will make campaigning more difficult if they are nominated and ning more difficult if they are elected. And they may end up ceding to groups the most important power a candidate has; that of framing the issues. Instead of using this early stage of their campaigns to articulate their idea of where America should move and what goverument should do, they are trying to prove their adherence to others' positions and orthodoxies. But activists do not always reflect the views of those they purport to represent, much

less those of voters or critizens generally.

Ronald Reagan won the 1980 election in large part because he articulated such a general vision; it was Jimmy Carter who was reduced to appealing to the separate concerns of var-ious organized groups. Of course the Democrats should pay some attention to the groups they have been appearing before. But they do a disservice to their campaigns if they let those groups set the agenda.

-THE WASHINGTON POST.



Here Come the All-Purpose Alternatives

WASHINGTON — The race for the Demo-cratic Party's presidential nomination has barely started and already the danger of wretched excess is evident. Every time the Democratic candidates get together to woo a particular constituency, they egg each other on to make more and more outlandish promises.

It started in Sacramento, California, in January Company of the Sacramento California of the Sacramento Calif

uary. Competition for cheers from the "nuclear freeze" crowd at the party's state convention drove Senators Alan Cranston and Gary Hart and former Vice President Walter Mondale to debate the speed with which each would move to seek out Yuri Andropov for arms negotiations. One said he would be in Geneva to open the talks the day after he was sworn in; another said he would pick up the "hot line" to Moscow the very night be was inaugurated; and so on.

Next it was the bidding for the support of the teachers at the convention of the National

Education Association in Philadelphia, where a dark horse, Senator Emest F. Hollings, trumped everybody by pledging \$14 billion a year of new federal aid, including a minimum \$5,000-a-year pay raise for every teacher.

Then the tour went to San Antonio, Texas, for the National Women's Political Caucus, and the question was how far each would go in pledging to work for enactment of the Equal Rights Amendment the next time around.

Reubin Askew, the former governor of Florida. was absent, as usual.

Senator John Glenn, as usual, was restrained: He said he would "use the full power of the presidency to get that amendment passed by the Congress and ratified by the states," but he By David S. Broder

made clear that he would stop at exhortation. Senator Hollings, as usual, was colorful and expansive. "I'd be an LRI," he said. "I'd give a little and take a little, and we'd swap around and

have that thing passed in a year's time."

Former Vice President Mondale was a bit wordier, but the message was the same. "I will do what's necessary to re-propose and ratify the Equal Rights Amendment," he said. "A president can be very influential... I have worked in the White House ... and you find that people come from all over the country wanting something, and as president I'll say, I'll help you reach an honorable objective if you'll go back to your state and deliver for the ratification

of the Equal Rights Amendment.' Senator Cranston was even more explicit. "I will lobby and lead," he said. "I will use the leverage of the federal government." And then, referring to concrete punishments and rewards for state legislators, he added, "If I am president, the E-mail Politic Americans." the Equal Rights Amendment would not fail for lack of a bridge or transportation project."

Said Senator Hart, not to be outdone: "The power of the presidency has not been used to the extent it can to achieve ratification. I think it extends not only to bringing normal political pressure to bear on members of the president's federal projects to be used to bring around people who are on the fence on that or whose

support is at least lukewarm."

Well, the Constitution gives the president no

direct role in the amending process, which is the province of Congress and the state legislatures. Walter Dellinger, a Duke University law professor who is an authority on that process, says that while examples abound of "wheeling and dealing" in the legislatures and Congress on constitutional amendments, he knows of only one case in which Washington used its "coercive powers" to secure ratification of amendments.

That was after the Civil War when Congress remired the former Confederate states to ratify

required the former Confederate states to ratify the 14th and 15th amendments as a condition for regaining their standing in the Union and their representation in Congress. "As a condition for a treaty of peace to end a bloody war," Professor Dellinger said, "it may well be defensible, but not as a precedent in any other circumstance."

But here are four men seeking the presidency who imply or haldly state that they would use the powers of that office not just to urge but to induce the state legislatures to change the fundamental charter of the country.

As a supporter of the Equal Rights Amend-

ment, I have to wonder what that says about their confidence in the merits of the proposal. As a citizen, I have to wonder about their understanding of the proper relationship between national and state governments in the American system of federalism. As a journalist who lived through the Watergate era, I have to wonder what they learned about restraint on presidential election. I have to wonder what, if anything, some of these men would not promise in order to gain the prize of the presidency,

And Jews By Leopold Unger BRUSSELS—It lasted only a few seconds and the international

The Pope,

The Poles

press must have been looking the other way. It was just a few seconds of silence that bore a burden of 10 centuries: Pope John Paul II stopped at the monument to the heroes of the Warsaw Ghetto, knelt down, shat his eyes and bent his head in prayer.

The pope's silence spoke for 1,000 years of common history shared by Poles and Jews between the Baltic and the Carpathian Mountains. It is a complex story that includes periods of tolerance when leave smalled. complex story that includes periods of tolerance — when Jews expelled from Western Europe could find a haven near the Vistula — and much longer periods when the Roman Catholic Church preached against the "God-killing" Jewish people.

Despite minierous acts of great courage during the Nazi occupation, when thousands of Poles risked and less their lives to be near the Holo.

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lost their lives to help Jews, the Holocaust seemed not to have altered the traditional anti-Semitism of many Polish Catholics. The presence of Jews among the new Communist rul-ers gave ammunition to some in the church and to nationalistic politicians to argue that the new system

imposed on the nation was foreign. The church had its tradition, and the pogrom of Kielce in 1946—the last pogrom recorded in Europe—did not alter the church's stand. Nor did anti-Semitic purges organized by the Communist government.

Two developments have brought a change. The first was the short but comageous life of Solidarity. The church saw that when the Comminist government attacked Jews, it was

really aiming at the Polish people,
To compromise Solidarity, a movement essentially Catholic, the police
and the party made a point of alleging the Jewish origin (sometimes true,
sometimes not) of Solidarity miltants. On the day of the military putsch, Dec. 13, 1981, the first commentaries by Warsaw Radio justified the military takeover by decrying the number of Jews in Solidarity.

The second development that transformed the Polish church was the election of Cardinal Karol Wojtyla as pope. Contrary to rumors at the start of his reign, his attitude toward Jews owes little to the unfortunate tradition of the Polish church.

His humanism was well known, and there was surprise when he failed to visit the Warsaw Ghetto during his first trip to Poland in 1979. Valican officials said the Polish government refused to include the ghetto on the papal program. But this year John Paul II was not deterred.

Se of the bobe trucer front of the monument in the ancient Jewish ghetto will be one of the brightest in the commemoration of the 40th anniversary of the ghetto uprising. It is also a sign that the military rulers have failed in trying to control the commemoration.

The pope's gesture in effect supported the position of Marek Edelnan, a surviving leader of the ghetto uprising who has refused to take part in the commemoration ceremonics

organized by the military.
"Forty years ago," Mr. Edelman said in an interview, "we fought not only for our lives but to live in digmity. Participating in the ceremonies with the military rulers this year would be an act of cynicism."

The pope's minute of silence was a sture of reconciliation between lews who died in dignity and Poles who want to live in dignity, and a statement that this reconciliation cannot take place with the dictatorship but only against it.
At the ghetto monument, the pope

declared to the Polish people that what matters is not the "Catholic blood" or "Jewish blood" that flows in the veins of Poles, but the fact that this blood has been and continues to be shed for the same goal -- dignity.

International Herald Tribune.

Letters intended for publication thould be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be abridged. We cannot acknowledge all letters, but we value the views of the readers who submit them.

Nay to the Hangman

majority support for capital punishment, especially as a penalty for terrorism. Yet only hours after Irish terrorists killed four militiamen, the House of Commons overwhelmingly rejected a return to hanging. Why?

Debate matters. It is one thing to give a snap response to a poll question but quite another to weigh the moral, legal and political implications of judicial killing. Among advanced industrial nations capital punishment survives only in the United States, South Africa, Japan and the Soviet Union. So there is ample experience as to whether eliminating the death penalty weakens law enforcement.

In America, after the penalty had been effectively dropped in the 1960s, 38 states reimposed it in the 1970s. There have been 1,154 death senetneces in recent years, yet violent crime has increased. Some would say it is because only seven persons have actually been executed. But the number of executions will never be very large. Americans approve of official killing in

theory but hesitate in practice. They want no mistakes. They want all mitigating factors explored. They don't really believe that a dozen more executions would deter murder. So they provide for endless appeals, an ordeal that adds to the cruelty of a brutal punishment. What about terrorists? Since the British

abolished hanging in 1965, the sectarian butchery in Northern Ireland has claimed 2,300 lives. But the rope is no answer for killers

who are prepared to die for a cause. So believes James Prior, the British minister responsible for Northern Ireland, and his opinion carried great weight with Parliament.

Indeed, for Irish Republican Army gunmen martyrdom is a weapon. Their heroes are the Easter rebels executed by the British in 1916. They scorn treatment as ordinary criminals; 10 IRA prisoners inflicted capital punishment on themselves in 1981 because they did not receive special status as political offenders. It would be a favor to their movement to treat their crimes differently from common murder.

In Northern Ireland, moreever, as a result of the violence, trial by jury has been suspended. So indges alone, sitting in special courts, would have to order any death sentences. And since most IRA gunmen have dual British and Irish citizenship, executing them would embroil Britain in furious arguments with the Irish Republic and human rights groups.

Weighing those and other arguments, a Par-liament with a 144-vote Conservative majority said no to the hangman. So would most people if they troubled to consider the matter carefully. Poll results favoring capital punishment

measure emotion, not reason or information.

Taking a life for a life is illusory deterrence and primitive morality. What was said in Britam by Enoch Powell applies as well in every country: A penalty that doesn't deter, he said, is "an avoidable brutality that brutalizes the society that inflicts it."

- THE NEW YORK TIMES.

The Bomb and the Lesser Powers: Lesser Evil?

By William Pfaff

BREST, France — The argument can be made that, while it is bad for big countries to have nuclear weapons, so long as they have them it is good for small countries to have nu-clear weapons, too. This goes against the conventional wisdom of nuclear nonproliferation, but the conven-

tional wisdom is often wrong Clearly, everyone would be better off if these weapons had never been invented. They are disproportionate to reasonable uses. They are a costly, frightful, intellectually unassimilable, morally untamable component in the armaments of nations.

A general in the British army is supposed to have said in November 1918, "Thank God, now we can get back to real soldiering." It was not a foolish remark. In the same way, nu-clear weapons make real war impossible - serious warfare, which means limited warfare waged to achieve politically valid objectives.

CAMBRIDGE, Massachusetts — Shrewd policy may enable Ar-

duction of the bomb.

slip catastrophically out of control. But the superpowers have not stopped with simple deterrence. They have tried to find "usable" nuclear tems and "extendable" (i.e., to allies) deterrents. Thus NATO committed itself to the threat of nuclear first use in the 1950s, and to "flexible response" in the 1960s, while the So-viet Union has produced a doctrine tically valid objectives.

of nuclear war-fighting and war-winning, and is committed to the idea

The Bomb: For Argentina

The Option Stays Open

By Daniel Poneman ...

benefit since 1945. There have been several crises between the super-

powers which in another day might have provoked a war. The archduke,

and more complex nuclear systems, but a diminished popular sense of so to speak, has been assassinated more than once since 1945. No war security, at least in the West. U.S. nuclear systems tend no has taken place between major powers, not only because their populations recoil from the idea but belonger to reassure Americans, or the allied publics, but to disturb them, contributing to a sense of contincause the existence of nuclear deterrent systems has made it too dangency and vulnerability. That is why gerous to begin something that might the peace movement has again be-

come an important factor in West European and U.S. affairs. The peace activists' remedies to the situation may be politically unsophisticated, credulous with respect to So-viet policy, or willfully indifferent to historical evidence in presuming that unilateral Western measures of arms reduction would be reciprocated by Moscow. Never mind. They seem to offer the possibility of constructive action to millions of people who are

deeply and justifiably distressed. Among Americans professionally engaged in strategic analysis and arms control, it is usually taken for granted that the superpowers can be counted upon to act responsibly, since so much is at stake for them if they err. It is supposedly another matter for the smaller states.

Admittedly, the prospect of Libya's Colonel Qadhafi or the late Emperor Bokassa of Central Africa possessing a nuclear bomb is pretty frightening But in the historical record national size has not equaled responsibility, and the leaders of small countries have rather more reason to fear the consequences of war than those of the great nations, which have elaborate defensive as well as deterrent preparations.

The government of a small country cannot seriously expect nuclear weapons to serve it as more than a detersponding to mortal threat.

Small power systems are of their nature passive and reactive. They thus tend to be stabilizing rather than destabilizing. They add to the problems of the major powers, contributing to the complexity of calculation required of anyone contemplating the aggressive use of nuclear threats. The Soviet Union's current insistence that French and British deterrents be included in medium-range missile negotiations is evidence of how serious-

Because they are deterrent they are

makes it necesary to attack metropol-itan France itself in any attempted disarming strike (itself a deterrent factor), and airborne and tactical systhat nuclear weapons cannot be ex-cluded from a war in Europe. The result has been steadily larger tems to permit a French government to signal the scriousness of its inten-

tion to defend the parional territory.

The French force is carefully thought out, technically sophisticated, intelligently commanded and of high morale - as evidenced by conversations with commanders and staff at the submarine component's headquarters in Brest. It attempts to do no more than protect France. The British and French nuclear forces increase the security of Europe (and indeed of the United States)

because they increase the complexity of Soviet strategic calculations. They are the ultimate security of Britain and France. Given that a return to nuclear innoceace, to a disarmed world, is beyond possibility, it is arguable that the road toward security (a goal which will never be reached) is to so generalize national miclear systems as to make the active threat, or the use, of nuclear weapons impossibly risky. The British and French deterrents point that way. It is not a very inviting route, but it may prove the best we have.

International Herald Tribune.

Letter: Music and Home

From Andrea Dori Sippel in Florence

had published my letter to you support them — the Medici, the about Jorge Risi, the violinist who didn't program concerts. ("A Uru-guayan in Exile," Letters, July ?.) 1

Well, this particular crew of which we have the wing of France. Why not didn't program concerts. ("A Uru-guayan in Exile," Letters, July ?.) 1

Well, this particular crew of which we have the same and the same an lista has not forgotten and is trying,

Orchestra that was started by Mrs. Lopez Portillo in 1978. I doubt that an orchestra like that one had existed before or will again. It was one-third Mexicans and Latin American exiles (including Risi. the concertmaster), one-third North Americans and one-third East Europeans (Russians, Bulgarians, Poles) with visas allowing them to work abroad. Our com-

of state in the most renowned con-

anthem. What with the musicismo and our human juxtaposition in contexts around the world, f learned a great deal about politics. freedom, music and, mostly, people - so much, in fact, that I marvel in hindsight at the privilege. As an American I don't know how to go about working toward awakening my countrymen to the world of fellow human beings

beyond the frontiers. As a unsician I deal mostly with musicians, and musicians don's mon language was Spanish spoken really care about much except, say, with all imaginable accents, what the Florentine sir is doing to As the pet project of Mexico's the varnish on their fiddles or to Señora Presidente, we were sent their vocal cords. As an American around the world to play for heads musician, I don't really want to go the varnish on their liddles or to home just now. Sail, it contin

The king TOWNSON THE THE SULLE SEE The white business

More letters. Page 5.

1908: Tug-of-War Causes Dispute LONDON - While the athletes from the United States have won several firsts in the

Olympic heats, any elation was quite overshadowed by the indignation that was generated by the outcome of the first heat in the tugof-war. In that event eight stalwart Americans competed with eight men from the police force of Liverpool, and were easily pulled across the line. It is easy to imagine how the Americans could have been outpulled fairly and squarely, as none of them really know anything about a tug-of-war, while the teams selected to represent England were veterans at the game. But when the manager of the American team examined the shoes of the British team, be found them to be fitted with sharp steel plates that were almost the equivalent of spikes.

ROBERT K. McCABI

FROM OUR JULY 18 PAGES, 75 AND 50 YEARS AGO 1933: French Socialists to Split?

PARIS - The French Socialist Party, the only important section of international Socialism left on the European Continent, appeared to he heading for a split when the annual convention of the party failed to heal the breach between the left-wing majority and the right-wing minority. The convention was called upon to decide whether to censure the conduct of about half of the Socialist deputies, who have taken it upon themselves to support the government even on issues opposed to the party's doctrines and programs. The arguments of the minority have generally been drawn from the fact that, without the full Socialist vote, the Radical government would be overthrown and the door would be opened for a government of "conservative reaction."

INTERNATIONAL HERALD TRIBUNE

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Deputy Falton



one nuclear weapon a year. The government deplores anti-proliferation accords as hypocritical efforts "to disarm the unarmed" while perpetuating the global hegemony of the nuclear-weapon states. Lost Western dominance in nucle-

enough plutonium to make perhaps

tached to imported technology.

ar trade heightens the danger. From Moscow Argentina has purchased fuel-production equipment, heavy water and 20-percent enriched urani-um. The president of the Atomic Energy Commission. Carlos Castro Madero, has admitted that Beijing at one point agreed to sell similarly enriched uranium; Argentina's fi-

gentina to acquire a nuclear arsenal now single-mindedly bent on acquirwithout breaking its international ing nuclear weapons. Every commission leader since 1950 has avowed agreements. It now enjoys the best of both worlds obtaining extensive for-eign support for its civil nuclear peaceful intentions. (After the Falk-lands defeat, Mr. Castro Madero program without compromising its emptily threatened to build a nuclear military options. Once other nations submarine rather than a cheaper, simpler nuclear weapon. That satisare not needed, they will have lost valuable leverage for deterring profied domestic pressure for a nuclear response, without jeopardizing for-eign help.) But that could be changed Argentine nuclear strategy has long been driven by a quest for inde-pendence. Its National Atomic Enerby political upheaval, perhaps initiated by this October's elections. The commission, purged after both

nancial troubles stalled the deal.

Fortunately the Argentines are not

gy Commission has trained thousands of technicians and assimilated of the last two changes of regime, extensive foreign technology. In ne-gotiating with suppliers, it has paid a could be coerced into using its longaccumulated nuclear expertise and unsafeguarded fuel facilities to build premium to reduce the strings atnuclear weapons. The military could A plutonium reprocessing plant is surely find a way to deliver them. near completion and a large research reactor has been planned. In a few years these facilities could produce

Foreign nuclear leverage would disappear just when needed most when Argentina overcame the technical dependence that so far has helped prevent acquisition or testing of nuclear arms. While time remains, noclear suppliers should insist that Argentina accept some comprehensive nonproliferation commitment as a condition for continued assistance. Only then will Buenos Aires be forced to choose between nuclear. power and nuclear weapons.

The writer, a research fellow at Harvard University's Center for Science and International Affairs, is author of "Nuclear Power in the Developing World." He contributed this con to The New York Times.

rent or a defense in extremis. It is difficult to write the scenario by which South Africa, Israel, India or Pakistan profitably makes use of nuclear weapons in other than the deterrent-defensive-retaliatory mode, re-

ly they are taken in Moscow.

inherently limited. Britain's government finds that a small submarine missile force is sufficient to the country's needs. The French nuclear force is larger, but fundamentally simple: a secure submarine force, a small land-based missile force which

HAD been away, and when I back to Benvennto Cellini one rea-returned to Florence someone I lizes that artists and craftsmen ofwas talking to in a case told me you tou went to whoever was willing to

shall be sending the clipping to Risi and company in Mexico and saying, "Quendos! The grings violists has not forvotten and interest the Rest household in in her own way, to do something."

I lived for four years in Mexico and worked in the Mexico City

Mexico's premier orchestra should be two-thirds foreign? If one harks

cert halls as ambassadors from to grieve me that Jorge Risi wants.

Mexico. Was it so strange that to go home and can't.

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Helen, left, a friend and their children prepare an evening meal in the village of Oloeseos.

In the Dark of an Uncharted Village, Kenya's Success Story Seems Remote

By Alan Cowell

See See New York Times Service OLOESEOS, Kenya — The average Kenyan, according to the World Bank's figures, can expect to live 55 years and he valued, in terms of gross national product, at

\$380 a year. In contrast with 20 years ago, twice as many Kenyans live in cities, twice as many go to school and more than twice as many can read and write. Only half as many children die before the age of 4; the population sours.

The figures are not posted here, in this village on a bald hill at the lip of Africa's Rift Valley, but the life of the people provides its own counterpoint to what, compared with other African countries, might be called a statistical success story. Oloeseos is no more than a scat-

tered collection of huts and fenced areas where hedges guard meager privacy. Corn grows in patches, and goats and cows graze, tended by barefoot children.

At evening, on the ridge that slides down from the Ngong Hills, the lights of Nairobi twinkle 15 unbridgeable miles (24 kilometers) to the east. To the west there is only the somber plunge of the Rift Val-ley, harsh and thorny.

A traveler might not find this place easily; it is on no chart or packaged tour But a marooned traveler, per-

haps someone whose motorcycle making the youngest child's har-might stop here and glimpse, for a rowing cough, more harrowing, moment, lives that seem remote has broken down among herds of from Kenya's capital.

encounter on the road to Oloeseos with a man of the Masai tribe, Tops 10% of GNP dominant here, clad in a scant scar let robe, carrying a spear that seems For First Time of infinitely greater worth than the traveler's crippled motorcycle.

edgment of common belonging cannot be bought so quickly with such tawdry goods. The Masai, the man is saying with his silence, were here before the foreigner, and will

That seems less sure as the journcy progresses in the heat, under skies clear and blue, where eagles soar. For many Masai have taken to the city.

The plains, on the valley's lip, are endless, but not the daylight. There are no streetlights to herald the 14. P. 15. P. 15 traveler's tired entry into Oloeseos,

22 Die in Philippines Storm

left homeless by the first typhoon to hit the Philippines after eight months of drought, relief agencies reported Saturday.

Killings in Java

only children, amused by the Here there is nothing to hold a ruined totem of modernity the out- man, no lights or bars or advensider pushes before him in the dirt track, cursing as if it were a recalcitrant steel mule.

"Is there a car here?" he asks. "There is no car," say the chil-dren, shy, shuffling their feet, a bittle bewildered by the preposter-

"How far is the main road?" "Not far." They gesture over a distant hill, already indistinct in the

"Where can I leave this machine while I walk?"

Much discussion, for this is an issue of responsibility, laden with "Here, you can leave it here." It

is the oldest boy, suddenly assum-There are oo men here. There is in the collection of buts where the broken machine is to be stored only woman called Helen and her friend and their many children,

nervous at the intrusion. The men are probably in Nairobi, working as night security guards, the elongated earlobes of their tribal custom at odds with the Gilbert and Sullivan uniform supplied by the guard services that protect the homes of the wealthy.

Here there is only the dark and cold wind and the cluster of warmth and talk around a cooking fire; filling the hut with smoke and

The odyssey might begin with an U.S. Medical Bill

The outsider might he carrying packets of tea and sugar, in case offerings are required, and the Masai man will take what is given, but extend no thanks. Such acknowledges to figures compiled by the Department of Health and Human Services. vices. The figure represents 10.5 percent of the gross national product, the highest share ever.

In 1981, medical costs were 9.8 "I am Masai," he proclaims, percent of GNP; in 1965, the figure proud enough in his affirmation to

The 1982 figures showed that government spending — federal, state and local — accounted for 42 percent of the national health bill. Three-quarters of that came from the federal government, mainly for Medicare and Medicaid, health programs for the elderly and the

Individuals paid nearly a third of the health costs themselves, and the remaining quarter came from pri-vate health insurance.

tures or money, oone of the enticements of the city.

The roof of the hut is of corrugated iron, not straw, a sign of

But the life within is the same as in many parts of Africa, where the luxuries taken for granted in the West do not ohtain: there is no transport, save for walking; no

means to defy the dusk with artifical light or to force the crops to come forth before their season. There is no water from a fancet, no medicine strong enough to stop the child's hollow cough, no telephone to ease the loneliness and isolation. The people here do not give their

children permanent names until they are sure they will survive, so frail is the belief in life's trustworiness. There may be a church in a shack on a hill, but the spirits still stalk the dark plains.

Kenya is not one of Africa's poorer countries, but development has not yet been sufficient to eradicate the burdens that dominate the continent — the rush to the cities, the drudgery of a life filled with the menial tasks necessary for survival. The water must be carried, the crops grown, the wood collected for the fire. The outsider is suffused with a sense of powerlessness, for here personal will is not as enforceable as in the West.

Then, by one of the strokes of fortune that Africa produces, a car is found a little way down the road in another village, a kind of bush taxi called a matatu.

Negotiations begin between the traveler and the owner. A deal seems to be struck, after listless bargaining, but then a woman, not apparently a party to the contract, intervenes, demands a higher price. The traveler, frustrated and no

longer fearful of accusations of tribalism, demands to know of the Masai driver: "Are you Masai or The Massi, who herd cattle, car-

ry spears and circumcise their women, regard themselves as superior to the Kikuyu, Kenya's largest tribe, but the Kikuyu are the entre-

accept the outsider's price for the rental of his car. "But," he adds, with a shrug at his powerlessness in

power and a force.
When the deal is done, the bro-

When the deal is done, the broken motorcycle is loaded and with much lurching pushing, inexplications elders, the ear proceeds on its way, toward the city that has become a foreign place, even to the The Associated Press

The increase in medical costs

MANILA—Twenty-two people was about twice the general rate of was about twice the general rate of was about twice the general rate of will switch on lights and electric left homeless by the first typhoon published, are certain to lend urstove and hi-fi and take a shower in gency to efforts to curb health-care costs to hold down the federal budget and inflation. the knowledge that, in Oloescos, such things are only for the realms of fantasy.

Sihanouk Moderates His Anti-Vietnamese Stand

Exiled Leader Is Thought to Fear Chinese Move to Install Pol Pot in Cambodia

By Colin Campbell

New York Times Service BANGKOK - The Vietnamese call him a has-been, and he has held no power inside Cambodia for 13 years. But Prince Norodom Sihanouk, now 60 years old, keeps springing back from oblivion.

For the past year he has been president of the exiled coalition government of Democratic Kampuchea, which the United Nations ecognizes as Cambodia's sole authority. Over the past couple of months, moreover, he has been voicing a new idea that some consider scandalous.

He has been telling people, not very privately, that his own antinamese coalition - armed by China and greatly aided by the noncommunist Association of Southeast Asian Nations - has become 100 crudely anti-Vietnamese. Independent as ever, Prince Sihanouk has been saying the international campaign to save Cambodia from Vietnam may be on a futile,

dangerous course.

What has made Prince Sihanouk an important figure in Southeast Asia since 1941, when Cambodia's French colonial masters pulled him out of high school and named him

First, be is forgiving to a fault. When tossed from power he finds powerful friends. Second, his legiticy as a leader far outstripped that of his successors: He was Cambodia's traditional "god-king" once, with much magic over the peasantry, and he was freely elected prime minister. Third, in foreign affairs he had a realistic bent.

The two leaders who followed him - Lon Nol, a rightist mystic, and Pol Pot, a fanatical Maoist both fantasized, as Prince Sihanouk oever did, that little Cambodia might vanquish Vietnam. The chief in Phnom Penh now, Heng Samrin, is Vietnam's creature.

Prince Sihanouk's worst enenies, who consider him vain and irresponsible, acknowledge his shrewdness in identifying Cambo-dian independence and neutrality with himself. But his shrewdness has often failed.

Forious at his overthrow in 1970 by pro-American generals, he imlintely joined forces with Cambodia's Communist insurgents. His speeches and prestige helped them grow, and they seized Phnom Penh years later. He became president for a year in Pol Pot's govern-

But soon he lost even the title and became a captive; more than a dozen of his relatives died in the general slaughter. By the time Prince Shanouk flew off to China - a few days before the Vietnamese entered Phnom Penh on Jan. 7, 1979 - his political career seemed broken and dirtied beyond repair.

Yet he took up the war of words against Vietnam and condemned Pol Pot. He urged the United Nations to declare that Cambodia had tion became a lonely one. Pol Pot's deposed government held its seat in the General Assembly, maintained its armed presence inside Cambo-dia and lacked nothing but respectability and a country.

A year ago, the prince was per-suaded to join forces with those he had recently said were "fighting to

U.S. Says Paisley Can Visit College

with a shrug at his powerlessness in these particular circumstances, she is Kikuyu."

WASHINGTON — The State Department has granted a temporary visa to allow the Rev. Ian Paisveigh against it, but here tribe is a Ireland, to attend the World Con-

he supported terrorism in the strug gle between Protestants and Catho-bes in Northern Ireland. Two subsequent requests by Mr. Paisley for visas were denied, although in September 1982 he was permitted to attend a funeral in California.

keep their own compatriots ensqueaky eloquence.

peating the formula that Pol Pot coalition just kept repeating that Pot's guerrillas.

NEWS ANALYSIS may be a murderer but is nonetheless a patriot, the prince has been telling friends be dreads Pol Pot's return. He reminds listeners how he

once got along with the Victuam-ese, and he has been warning his partners that France, Australia and other countries seem more inclined to deal with Vietnam despite their disapproval of its venture in Cam-

Vietnam must go, he said.

"Do you think for a moment that Vietnam would withdraw unconditionally from Kampuchea?" the son asked. "No," he continued. "So Prince Sihanouk says that we must find another technique for dealing with the situation."

The son confirmed a recent report that Prince Sihanouk suspected China, his longtime supporter, lieve - as Peking, Washingtoo and

keep their own compatriots en-slaved." He has been in the lime-Ranaridh, said last month after his Pot's return to power and could light since, rallying friends with his father threatened to quit the coali- legitimize Vietnam's refusal 10 tion that the prince was "very pessi-withdraw. The only alternative, be Lately, however, his position has mistie" about the coalition's "nar- has said, is a negotiated settlement shifted slightly. Frustrated at re- row" anti-Vietnamese stance. The involving the neutralization of Pol

> In April, Vietnamese troops destroyed the prince's own military camp in western Cambodia. He has recently learned in detail how Pol Pot's soldiers killed some of his relatives. He is worried by reports, none yet proven, that hundreds of thousands of Vietnamese civilians are colonizing his homeland.

Prince Sihanouk looks relatively trim these days, but he doesn't beplanning secretly to eject the several Southeast Asian capitals Vietnamese by force. The possibili- keep asserting — that time is on his dent.



Prince Norodom Sihanouk

side, or his coalition's, or Cambodia's. So he has been freshening his sturdy old image as an indepen-

Election Signals a Stirring of Tax Revolt in Japan

By Clyde Haberman

company man for 33 years. Now

was empty.

His family thought he was crazy, how the lost revenue would be

Late last month, to the surprise of many, he won, becoming one of his eo-workers and by his two members of the Diet from the New Salaryman Party, a tiny group formed only half a year ago and dedicated to more even-handed tax treatment for Japan's millions of office workers. The other winner was the party's founder, an economics professor and tax-reform

I'd have to look for another joh. So the pleasure of victory was great-

His party's success in the elecgoverning conservatives.

TOKYO — About two months Proposition 13 that California votage Daisuke Yagi quit his job at the crs passed in 1978.

Am Mitsubishi Corp. so he could run for the upper house of parliament. He was a high-ranking official, a touched a corpe. "Tax cui" has behere he was, 56 years old and 18 Prime Minister Yasuhiro Nakainto a pool that, for all he knew, tion in five years, although details was empty.

he said, and so did many other made up.

Mr. Yagi did not care. For three name of Mr. Yagi's party — the weeks, from morning to night, he Japanese word is borrowed from campaigned around the country English — has become something out of a rented van, running of an international symbol of modthrough \$34,000 that he had re- ern Japan. In the most typical imceived from Mitsubishi as a separa- age, he is a hard-plugging fellow in

advocate named Shigeru Aoki.

be a sign that Japan may be entering an era of single-issue politics, with one-theme "miniparties" able to feed on discontent with the long- come to he whatever they want it to

people even talk about a taxpayers' family members, in some cases revolt, raising the specier of the spreading the wealth so thin that no tax-slashing measure known as one owes money to the govern-

come such a byword of late that sone is promising the first reduc-

The salaryman referred to in the a dark blue suit, who stays at the office late, goes out drinking with

ness and industry rolling. This is surely a stereotype. But like many stereotypes, it contains elements of truth.

These days, the salaryman can be any payroll employee, from the secretary to the blue-collar worker, and there are 41 million of them in

no way of escaping the tax collector. His taxes are withheld, with the company taking out national and local income taxes and tions for the upper house has been social security and insurance paytaken by many political experts to ments before passing on his monthly pay.

By contrast, self-employed peo-

ple and farmers declare their inbe, and then pay taxes on that. But perhaps more than that, the Often, they under-report what they rise of the Salaryman Party could earn. Or they reduce taxable in-be considered the first full-blown come with a variety of maneuvers. tax protest in recent years. A few such as dividing earnings among

Among the worst tax dodgers, according to official surveys in Tokyo and Osaka, are doctors, operators of pachinko, or pinball, parlors, building contractors and restaurant owners.

language. It refers to the widely held notion that payroll workers pay 90 percent of the taxes they should, self-employed businessmen pay 60 percent and farmers 40 percent. The 9-6-4 formula, say people familiar with the tax structure, is only a little off the mark, if at all.

An office worker who is married with two children and earns about \$25,000 a year can expect to take home about 82 percent of gross pay. National and local income taxes become confiscatory only at the upper levels, with government taking 93 percent of earnings above \$340,000.

It comforts few Japanese to know that the income-tax hurden is greater in many European countries and in the United States, Mr. "I pot everything into this elec-tion," Mr. Yagi said. "If I had lost, that unlike other Japanese, he has "— the result, he contends, of Yagi complains that people in Jagovernment policies that keep food costs artificially high and real-es-tate prices somewhere in the strate-

One question now is how easily the government could keep a pledge to cut taxes. The national debt is already hage and growing each year. Money needed to pay the interest on government borrow ing accounts for 16 percent of the \$214-billion budget. For Mr. Yagi, any reduction

would be a step in the right direc-

His only reason for running, he said, was to "enlighten" the Japasaid this in a quiet manner, belitting a man who found himself with

But, before too long in a conver-Over the years the expression ku- sation the other day, he moved ro-yon, or 9-6-4, has entered the from talking about "enlightenment" to estimating that the government could get hy on far less money, perhaps half its current tax revenue. At that point, he sounded a bit like Howard Jarvis, the fiery anti-tax advocate in Californ When told that, Mr. Yagi looked interested. He made a note of Proposition 13 on a slip of paper. He will have to look it up, he said.



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armed forces was quoted as saying it might be the work of rival gangs. All of this is misleading.

The fact is that the military itself is solely responsible for these killings. Under the guise of cleaning up crime in Java's streets, the military is bypassing Indonesia's constitutional interstreets of the military is bypassing Indonesia's constitutional interstreets.

stitutional guarantees of due pro-cess and right to trial. In Jogiakarta alone, Indonesia's second city, where I live, more than 250 bodies have found their way to the basement of Sardjito Hospita a large government hospital; and hundreds of others have reportedly been thrown in the rivers around the city. Some people apparently in the know say the death total exceeds 600 — and this is just in logiakarta. The killing is taking place in cities throughout Java

I have witnessed two of these killings. In one instance six men, all clearly military, dragged a suspect good name will survive." I have to a garbage dump, drew knives cen vacationing for three weeks, and methodically stabbed him to death while hundreds of people of the International Herald Tribune has Russell's acquisition of a good name will survive." listened to the man's screams.

In another instance, in the southern part of the city, military men

looked on as a mob they had in-spired clubbed a man to death.

For reasons unknown to me, ma-The victims are accused of being jor news organizations are not printing the full story about what is happening in Indonesia. Recent press reports said that 400 people had been mysteriously killed in Indonesia, and the commander of the galis, or members of protection rackets. In the early days of this crackdown, about two months ago, the most common method was to arrest them, tell them to run and shoot them in the back. As happens nocent people have been killed.
'Many others who were only small-time thieves have been killed.

Everyone I know in Jogjakarta, whether Indonesian or foreign, has either seen one of these killings or heard a firsthand account. For weeks this has been the hottest topic of conversation in town.

There is no secret. People are being murdered by the hundreds and yet for some reason no one scems to have written an accurate account in the international press. Name witheld by request. Jogiakarta, Indonesia.

About Bertrand Russell Mr. A. Roderick-Grove (Letters, July 5) writes, "Bertrand Russell's

good name been disclosed? HANS S. SCHROEDER.

Whose Democracy? Regarding "Another Try at Exporting Democracy" (IHT, June 29) by Robert E. Hunter:

LETTERS TO THE EDITOR

While "exporting democracy" to foreign political systems that have yet to develop democratic proce-dures and ideals may be a landable adopted Jeane Kirkpatrick's ridic- celona and Valencia. ulous distinction between "anthoritarian" and "totalitarian" governments it has forfeited any claim to understanding political change in countries that are run by

closed political elites. Peaceful, democratic political change requires a degree of trust between rulers and would-be rulers - at least a reasonable assurance that losers in political contests will not be murdered. Such conditions were obviously lacking in El Salva-dor, as potential leftist candidates in the Reagan-sponsored elections last year realized.

It is useful to remember that ffit-

ler became chancellor by exploiting democratic procedures. BRUCE HEITMAN.

About La Pasionaria Regarding "Living Legend of Spanish Marxism, (IHT, June 30): It is normal to write about peo-

condition that they are treated in the same way as Nazi war criminals. Otherwise the reporting is biased by an ethical double standard La Pasionaria presided over the extermination of bundreds of thousands of non-Communists, starting with Calvo Sotelo and ending with its situations like this, there have goal, the Reagan administration is the 50,000 political prisoners that been some mistakes made and innot the one to carry out such a the Communists were unable to program. To the extent that it has take with them when they left Bar-

I. VARLAM

Casey Might Volunteer Regarding the report "Casey Says He 'Wouldn't Touch' Any Carter File" (IHT, July 7):

To put the boot on the other foot, as it were: Mr. Casey might volunteer to take a polygraph test. GIOVANNI ORSO. Lugano, Switzerland.

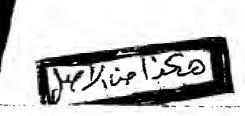
Your recent articles on smoking are timely. Surprisingly, the simple issue of human rights is scarcely mentioned — the imposition of dirty and dangerous air on those who are forced to breathe it in

enclosed places, from restaurants

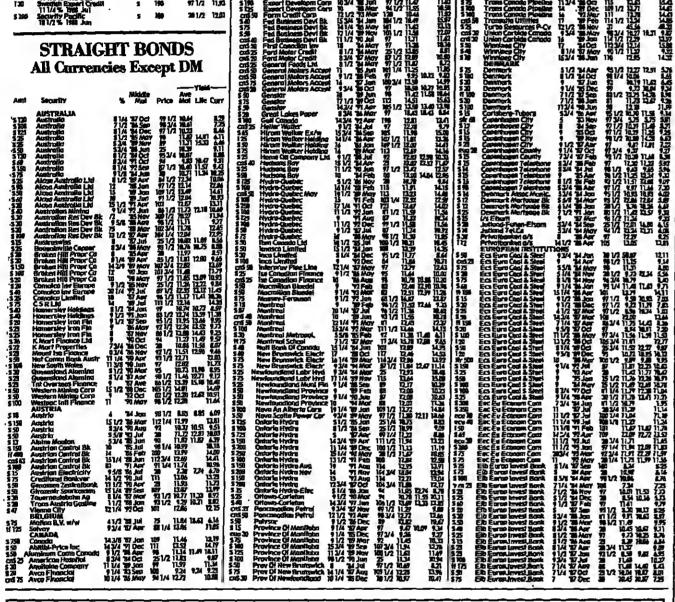
Smoking and Rights

(at least in France) to airport waiting rooms and aircraft cabins.

Party Signal in Florence



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A corporation with registered and issued share capital of 910 048 000 francs - Registered Office: Tour Aquitaine, 92 Courbevoie Head Office: 7, rue Nélaton 75015 Paris - Registration n°: RCS Nanterre 8 552 120 784

ANNUAL GENERAL MEETING OF SHAREHOLDERS, JUNE 15, 1983 YEAR ENDED DECEMBER 31, 1982

Many difficulties but bright spots as well

A general drop in consumption and surplus crude oil production, A general drop in consumption and surplus crude oil production downward moving prices and a trend in producing countries toward a tax squeeze beyond bearable levels all weighed on year-end results. Other factors such as surplus capacity in refining, shipping, petrochemicals and heavy chemicals further aggravated the situation. Finally, the worldwide agricultural crisis slackened demand for phosphate, sulfur and fertilizers and at the same time the situation for nickel worsened Opposite these especially adverse factors, some bright spots:

discoveries during the year in Angola look promising and the decision was taken to begin developing North Alwyn in the British North Sea.

in the British North Sea.

The Donges refinery was completely renovated and a new oil product pricing system should improve the situation in 1983. In sum, the Group's long term debt to total capitalization ratio remained below 40 % that is within acceptable international credit. A major event marked 1982: the government entrusted Elf Aquitaine with a major role in the French chemical sector. A substantial proportion of our future operations will then be

Major activities in 1982

Exploration and development

In 1982, expenditure on exploration amounted to 6,7 billion francs (0.6 of which were spent in France), and outlays for development to 8.4 billion francs foll which 0.7 in France). Development of the North Alwyr field, localed east of the Shedands, in which Di-Acutaine has a two-thirds interest, should lead to production starting in 1988.

Oil and mining production

Oil and mining production
In 1982, production by the Group (as operator)
In 1982, production by the Group (as operator)
In 14 countines amounted 99 24.3 million torines
of Liquid hydro carbons and 25.8 million cubic meters
of commercially viable habitral gas
Suitur demand sagged as a result of the crisis
In the phosphate industry and this led Texasguil to
reduce suitur output. Suitur production from the Lacq
fields also dropped in tandem with reduced raw gas
production. In 1982, Group suitur output totalled
2.4 million formes with 1 million farmes for Texasguil
and 1.4 million to SNEA.
Sales with me for Scotte Metallumiquia: Le Nickel (SCN).

Sates volume for Société Metallungique Le Nickel (SLN), to which DI Aquitaine has a 50% interest, amounted to 35,300 tonnes, a drop of nearly 15% compared SUN's 1982 net result should show a delical

of 850 million trancs against a 275 million francs delicit

Crude oil trading - refining - marketing in 1982, Et Aquitaine's crude oil resources totalled 31 million fornes, hat of which 15.5 tonnes were produced by Group subsidianes. The rest was purchased from outside companies, either on the spot market or within the framework of contractual ognimitionits, DI Aquitaine's refining operations absorbed 18.5 milion tornes, the difference between this figure and tornese actually processed 121 milion tarnes) having been taken from stocks. The balance 112.5 milion tornes) was placed on the international

Crude oil transported on behalf of Eli Aquitaine in 1982 amounted to 16.6 million tonnes, down 6 million tonnes against 1981 and 14 million against 1980 With respect to refining and marketing. Ell France sustained a 1982 loss of the order of 2 billion francs which would have reached the 4 billion francs, had which would have read to the "down marks," ray stocks not been drawn down. Startup of the new units at the Donges retinery had only a lemied financial effect because it did not take place until the second had of the year. The Valenciennes retinery was shut down and transformed into a tank farm. Retinery personnel

in April 1982, the pricing system for the four controlled of products (premium petrol, petrol, diesel of and

home heating fuelt was modified to give the or companies some freedom to set ex-refinery prices within the limit of a ceiting calculated according to a special formula. These new provisions were not however strictly applied untit January 1963 and so the formula did not have its full effects in 1962. Crude oil processed in France on Ell France amounted to 17 million transactions. to 17 million tonnes, down 21 % in comparison with 1981

with 1991 In France, sales of Irrished products foralled 14.4 million formes, representing 22 % of the domestic nearled against 23.2 % in 1981. In terms of formage, sales thus left off by 7.8% against a 6% drop in domestic consumption as a whole. This reduction is in line with the Group's marketing policy which is oriented towards the most economically worthwhite products. Group sales in the European market totalled 6.5 million

Heavy chemicals After consultation with the company, the government decided to make Elf Aquitaine pany to the plan for the French chemical industry's recovery. It is planned that the company take over the whole of the halogen sector (chlorine, fluoring, promine) as well as a majority interest in Alo Chime and Chice Chime.

The government has made a commitment to maintain El Aquitame's potential as well as its shareholder's

The company has estimated that a could contribute in the order of 3.5 billion trans over 4 years to such a project and would like to be accompanied in this venture by a minority partner who would add to this capital commutation.

capital commonon.

Generally speaking, results an petrochemicals and heavy chemicals again considerably worsened in 1982 especially in the second half, in France, the combined effects of the rise of the dollar and the price freeze aggravated the situation even tenther, putting domestic producers in a more adverse position their European competitions, thus in 1982, cash flow corresponding to SNEA's share in the ArcChice grouping was negative to the amount of 240 million francs. Prospects for 1983 ternain gloomy.

Fine chemicals - the bio-industry Fine chemicals and specially products (SNEAP).
Rousselot, Ceca, M&T) saw generally satisfactory growth in 1922. This confirmed that companies holding strong international positions in markets for highly sophisticated products can turn in good performances.

even in difficult economic conditions. This sector's 1962 sales totaled 5.6 billion francs. Pharmaceuticals and cosmetics in the minimum and the continuous state of activity in 1982 with sales of 7 historicance up 16 % over 1981). If should be noted that this growth is for the most part field to toreign sales which note by 23 % and which now represent 45% of the sector's consolidated sales. The bluebon however became more difficult in the pharmaceutical sector beginning in the second half subsequent in particular to the measures taken by nment to balance the French Social Security

In 1982, the DI Aquitaine Group devoted some 1.5 billion trancs to technical and scientific research and development, Ot this amount, 910 milion trans. were put into the energy and chemicals sectors and innovation, and 590 million into health and hygiene.

Financial highlights

The results for 1982 reflect the effects of a generally indifferent economic satisfion.

1982 Group consolidated sales amounted to 134.8 billion in 1981. Herd the interests in Ato Chimie, Chick and SLN entered into account, the 1982 figure would have been (18.4 billion interest).

The Group's consolidated cash flow, after charge-off of dry hole exploration expense, totaled 11.3 billion francs against 10 9 the previous year. investments reached the 15.1 billion francs against 13.9 billion (excluding the acquision of Texasguill in 1381. SNEA's share in Group net income for 1982 amounted

to 3527 million trants against 3687 million in 1981. This resulted in a net result per share of 39 trants against 41 trants the previous year. Group earnings would have been down even more had lian not settled a substantial debt for which provisors had been set asde in pror years.

had been set aside in prior years.
For SNEA, the parent company, rest income amounted to 2.241 million francs against 2005 million in 1981.
This figure includes a reintegration into income about, 1.6 bibourtrains in provisions set aside in previous years in consideration of lingation with the Nebbrial trainsh O4 Company, an adjustment made possible by final settlement of El Aquatione's situation in fran and subsequent payment.
The Shareholder's Meeting voted to maintain the dividend at the same level as the previous year, that is all 10.50 trains per share of 10 trains remainst value. This ret dividend to which is acted a fer credit of

is at 10.50 trans per share of 10 trans nominal value. This net dividend to which is added a ten debit of 5.25 kards a polyable agenst presentation of coupon No. 28 from July 1, 1983.

The term of office of the Chairman, Mr. Chalandon, expired with this Meeting and a resolution was to be put before the Meeting to rehew it. Because, however, of events which Mr. Chalandon gave account of at the Meeting, he stood down from another term of office. Subsequent to this, ERAP nominated Mr. Michel Peoqueur, Head Administrator of the CEA the French Alomic Energy Commission) and Chairman of COGEMA, to the locant office of director. The

proposal, but to the vote, was adopted by the majorny worng.

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A SPECIAL REPORT

Election Setback Damages Hopes For the Economy

By John Phillips

ROME — Share values on the Milan bourse plummeted in the biggest one-day drop in history after last month's general elections, raising disturbing questions about the future of the Italian economy.

As the extent of the Christian Democratic setback became clear, the

main index fell by 8.5 percent amid panic selling by the Italian business capital traders. As the market read it, the outcome at the polls without a doubt meant that Italy's pressing economic problems would be swept

under the carpet once again.

Shares of the Fiat auto company, always an important indicator of confidence, fell by 10 percent. It was the same gloomy story elsewhere, with the Montedison chemical giant's shares plunging as low as 164 and other big companies, such as Olivetti, CIGA and Mediobianca, for a while looking in trouble.

At one interpret as many as 18 stocks could not be greated et all.

At one juncture, as many as 18 stocks could not be quoted at all. Tuesday, June 28, went down in the history of the stock exchange as the worst day since the crisis of summer 1981 after the indictment of the late Roberto Calvi, then president of the Banco Ambrosiano, and other leading Italian financiers, on charges of massive illegal export of cur-

In the first hour of trading, the Milan market lost nearly a half of the ground gained in the first six months of the year. On Wednesday, dealers began to recover their nerve, sending the index climbing back to 3.7. percent. But at the end of the week share values were still depressed by the political situation and there was speculation about the prospect of another dramatic day on the bourse if wrangling among political parties was not quickly resolved.

Ironically, Italian equity markets had been bullish in advance of the June 26-27 polls, precisely because of widespread expectations of a strong return by the Christian Democrats and a decline in support for the

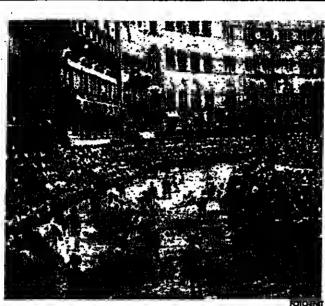
Bot by Tuesday a pessimistic mood had pervaded the foreign exchange Bot by Tuesday a pessimistic mood had pervaded the foreign exchange market as well, with the dollar climbing about 23 points against the lira to reach as much as 1,515 in the day's early interbank dealings. There was no mistaking the disillusion in business circles after the first projections showed just how far Italy's political geography was changing.

"Governing Italy will be increasingly difficult as the new premier will have to mediate a split majority," said Vittorio Merioni, president of the Italian employers' federation, Confindustria.

"This happens at a moment in which other European countries rely on more powerful majorities and can make quicker and more decisive choices," Mr. Merioni said.

That depressed viewpoint was echoed by two other top business

That depressed viewpoint was echoed by two other top business figures, Francesco Cingano, managing director of the Banca Commer-(Continued on Following Page)



A medieval pageant re-enacted in Sienna.



Ischia castle viewed from mainland beach.

A New Taste for Sports Cars as Terror Fear Ebbs

ROME — For the first time in 15 years sports cars have not fully recovered from the Italians are again flaunting stylish and powerful severe blow dealt by the oil crisis of 1973.

Sports cars on the Via Veneto and other traditional baunts of Rome.

sured by the recent victories against terrorism, memesis of the Italian rich, has receded somewhat after the arrest of hundreds of suspects in a series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. It is no longer dengences to all the series of nationwide police raids in June. June. It is no longer dangerous to show you have

Encouraged by that change of attitude, Italian sports car manufacturers and designers are sing cautions optimism that the home market may witness a resurgence of demand this

Measuring the state of the market is difficult because many companies do oot have separate Sleek Lamborghinis, Maseratis and Lancias turnover figures for sports and other models, jostie for position with more workaday automo-biles in a sign that the wealthy have been reas-sports-style model ends and a family convertible begins. In absolute terms, Italians seem to have culminating in the release of U.S. Brigadier an almost insatiable demand for high-speed General James L. Dozier from his Red Brigades travel on the road, for example, buying ocarly

But for many companies, even that very high level of domestic consumption has been insufficient to keep them going amid the harsh winds of recession, and more and more have looked to export markets in order to survive: Pininfarina, one of a number of car design and manufacturing companies based in and around Italy's Detroit-style city of Turin, has been exporting 80 percent of its 136-billion-lire turnover. The largyear. For although Italians have been putting their impossible fantasy objects through their paces on the streets more often recently, sales of est foreign market until this year was the United

infarina Spider 2000.

For about 12 months, however, sales of the Spider 2000 and the X-19 sports car made by Bertone have been disrupted in the United States after Fiat's decision oot to market the two models there anymore and failure to reach a satisfactory agreement with a U.S. importer.

Executives in both companies said the Fiat sought by us," a senior Bertone executive said.
Against that background, Bertone is staking more hopes on sales of the Bertone Cabrio, a convertible made from a Fiat Ritmo base, production of which is expected in reach 5,000 this

Still a family firm, Bertone employs just 1,350 people and has an average yearly turnover of about 65 billion lire. Its Turin-based neighbor, Pininfarina, also depends heavily oo producing

(Continued on Following Page)

New Government: Election Brings Summer of Talks

By Henry Tanner

ROME - Post-election negotiations between political parties have only just begun and are expected to last through the summer.

Ironically, after an election that was universally interpreted as a "protest vote" against the politicians and parties that have been ruling the country for the last 38 years — an "earthquake" the Rome newspaper Li Repubblica called the election — the government is likely to look much like its many predecessors. All the old parties and many of the old politicians are expected to be in it.

The ruling Christian Democrats, who admitted having suffered a umiliating defeat, quickly made overtures to Bettino Craxi, the Socialist ader, who also fared much less well than he had confidently expected. The Christian Democrats, after a series of party caucuses, signaled to Mr. Craxi that they would be willing to accept him as prime minister in a

new five-party coalition in which they would once more be the strongest partner with Republicans, Liberals and Social Democrats the remaining Other possibilities, if negotiations with Mr. Craxi should eventually fail, would be a transition government under a Christian Democrat or a government of so-called technocrats, meaning less-marked political figures, possibly headed by Giovanni Spadolini, the Republican former prime minister, whose small party made the largest relative gains in the

It will be up to President Sandro Pertini, at the end of this month, after

a new parliament is convened, in choose a prime minister-designate who will then try to put together a cabinet.

In the meantime, the country is governed by a caretaker government under Amintore Fanfani, the outgoing Christian Democratic prime minister. As usual, the caretaker government is as effective and has as much authority—or perhaps more—as the "real" governments that are under constant pressure from the hickering coalition parties and from

Labor Minister Vincenzo Scotti, for instance, is deeply involved in all important wage negotiations between the metalworkers' union and industry and there has been no suggestion that his role may have suffered hy the absence of either a government or a parliament. The government is acting not only as a mediator but will be a partner in the new contract in the case of the nationalized industries.

The metalworkers have always been the most powerful and toughest negotiators of all Italian workers. An agreement reached with them bas always served as a model for other categories of workers and other industries. With contract renewals due every three years, but the deadlines often changed for political reasons, the current oegotiations, there-

Cause for Concern: New EC Agricultural Policy

By Craig Anderson

BRUSSELS — Uncertainty and apprehension must be Italy's sentiments when the country looks at the possible development of the EC's Common Agricultural Policy and Italy's EC farm goods were made, the important common system of support for EC farm goods were made, the important common system of support for EC farm goods were made, the important common system of the support of the s

As one of the six founders of the European Common Market 25 years ago, Italy was closely connected with the birth of what has become for some EC and most non-EC governments a de-testable sacred cow but which is for other community member states a kind of benevolent guardian angel for Europe's 8 million farmers.

Despite constant catcalls and continual attacks both from within and from outside the EC, the Common Agricultural Policy, known as CAP, has achieved many of its initial objectives. This is as true of Italy as anywhere else in the community, with self-sufficiency having been increased dramatically and farm incomes raised way beyond the peasant farmer level for most

EC figures show that over the last decade farm incomes have increased in real terms in Italy by between 11 and 15 percent, at a time when inflation and high fuel costs have whittled down the real level of incomes for farmers in most other community countries.

In the first decade during which the CAP was in operation — between the mid-1960s and mid-1970s — farm incomes in Italy rose by more than 50 percent.

In a country that aside from the latest EC member state, Greece, has the largest number of tiny farms employing only one person — until recently more than half the total farms in the

country - this income rise has been crucial on a

modities of wine, fruit, vegetables and olive oil

But in 1966, Common Market arrangements for fruit and vegetables were set up, providing a safety net for producer prices as well as special mechanisms to protect Italian agriculture from chesp imports from outside the community. Later, support systems for wine and olive oil completed the picture as far as Italy was con-

Other measures designed to promote farm modernization have also been framed with Italy in mind in an attempt to case the country's agricultural sector away from subsistence farm-ing toward larger and more efficient farming methods.

Apart from the ups and downs of each year's EC farm price-fixing struggle when the 10 governments meet to set common price levels for the coming year, Italian farmers are reaping the benefits of the basic structures of the CAP together with other projects designed specifical-ly to help Italian agriculture.

Storm clouds, however, are massing on the horizon. For years, countries like Britain and West Germany, the two largest net contributors to the EC budget, have been complaining bitter-ly about the cost of the CAP, now consuming two-thirds of all Common Market revenues. The main problem is milk, produced in fastflowing abundance in the more northerly member states like the Benelux countries, France, Denmark, Britain and West Germany.

Out of the total agricultural budget of almost \$12 billion a year, roughly 60 percent goes to finance the dairy industry with its half-million metric-ton butter mountain and growing stockpiles of powdered milk. The campaign for cost cutting has turned into a full assault on the CAP as the community approaches bankruptcy. Last year's 11-percent farm price increase, combined with record production levels, meant a bonanza year for farmers. But farm spending by Brussels is running 40 percent over budget for the first six months of this year.

As far as countries like France, Italy, Greece and Ireland are concerned, the simple solution to the lack of funds is to increase member states' budget contributions. But the big contributors argue that any extra cash might simply be sucked into the mouth of the all-consuming farm policy unless the hitherto open-ended support commitments are scaled down.

Although the main problems lie with milk and cereals, of lesser importance to Italy than other so-called Mediterranean products, the EC Commission in Brussels is engaged in a thorough reappraisal of all aspects of the CAP, and Italy cannot hope to escape whatever spending

cuts are decided upon eventually.

The other dark cloud, closely linked with these financial worries, is the forthcoming arrival of Spain and Portugal within the ranks of the mity. Both countries produce the same type of products as does Italy, and the present

(Continued on Page 9S)

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The Monte dei Paschi Banking Group, which includes: MONTE DEI PASCHI DI SIENA BANCA TOSCANA CREDITO COMMERCIALE CREDITO LOMBARDO ITALIAN INTERNATIONAL BANK Ltd.,

of \$ 26.4 billion.





Film: Waiting for the Next Wave?

By Robert Wazeka

ROME — The age of the "spaghetti western" has passed, la dolce vita has not been very sweet in years and the once exciting Italian film industry has become a fittle dull.
Will Italian cinema revive? Its great age, of course, both artistically and commercially, was the 1950s, when such directors as Fellini,

Antonioni, de Sica and Pontecorvo were at their prime. It was also the time of Italy's nic miracle, and thus a time when th country had more confidence in itself than it seems to now. Any true revival will probably have to wait for a coalescence of a great variety of social and economic factors - and this could happen quite soon or, then again, perhaps never.

Consider that two of its biggest preoccupations in recent months have been a 56-day strike by sound personnel involved in dubbing and — following a cinema fire in Turin — how to make movie theaters safet. No one could dispute the fact that labor relations and theater safety are important issues, but some-how something seems to have been lost from the days when Anita Ekberg waded, almost nude, through the fountain of Trevi in the film "La Dolce Vita."

There have been periodic attempts to revive Italy's state-supported production stu-dio, Cinecitia, but without much result. Much publicity surrounded director Franco Zefferelli recently when he filmed "La Traviata" there, and now (as always) there is considerable publicity accompanying Feder-ico Fellini, who is at Cinecitta completing his latest film. "La Nave Va" ("The Ship Is

Saiking"). But efforts such as these are few and far between. The number of all-Italian films prodoced in the 1981-82 season dropped to about 110, against 120 in 1980-81 and 140 in 1979-80. For 1982-83, the figure could well drop below 100.

Meanwhile, the appetite for American films continues to grow. A total of 120 American films were shown in Italy last year, 10 more than the number of Italian films. In addition, there were 17 Italian-foreign coproductions and about 80 non-American foreign films for a total of 327. The audience for these films was 195.4 million, a drop of 9.3 percent, against the previous year's 215.5

The decline in the number of films produced is not being offset by an increase in quality either. Italy is plagued by a series of cynical, crude, poorly made — but highly profitable — comedies. If nothing else, however, they at least have the virtue of bringing to the fore a generation of brilliant new comedians such as Adriano Celentano (currently Italy's highest paid actor), Massimo

Troisi and Carlo Verdone.

Producers and distributors like to talk of a "crisis" in the Italian film industry, but a notvery-well-kept secret is the fact that moviemaking in Italy, contrary perhaps to all ap-pearances, is still highly profitable.

"You can earn more profit making films in Italy than in any other country," said Paolo Biondo, owner and manager of International Recordings, a company that does "post-pro-duction" work such as sound, dubbing and editing on more than one-third of all films shown in Italy. "One reason," he said, "is low

labor costs. Second, and more important, is the fact that Italian audiences don't care about 'finish' and special effects as much as audiences in other countries do. Producers can cut a lot of corners making a movie here and save money doing it."
In spite of the recession, money for pro-

ducing films is available, often at what amounts to discounted lending rates which, in Italy, means just under 20 percent - and usually on an upfront, guaranteed distribution basis. The leading private financiers are Mario and Vittorio Cecchigori. father and son, who finance numerous comedies. Public money, in addition to coming from the state television network RAI, is available from Sezione Autonomo Credito Cinematografico, known as SACC, a special unit solely for film industry loans within the state-owned Banco Nazionale del Lavoro.

A striking fact about Italian movie audiences is that they are older, in general, than those in other countries. People over 40 still go to movies, and in large numbers - although this phenomenon seems to be changing as Italy becomes more cosmopolitan. The more "cosmopolitan" a country is, the more one is likely to find middle-aged and older people staying at home watching a movie on television rather than going out to a movie theater to see one. The Italian film industry, in fact, is taking steps to accommodate an increasingly younger audience that has grown up accustomed to electronic games and highquality stereophonic sound.

Much attention was given to the improve-

Election Brings Summer of Talks

(Continued From Preceding Page)

fore, are decisive for the future of the Italian economy for years to come. The negotiations also go to the core of the central economic issue that divided the last government of Mr. Panfani and paralyzed the two preceding ones under Mr. Spadolini, who for 18 months was the only non-Christian Democratic prime minister since the 1940s. All three governments were brought down by Mr. Craxi.

While Italian political disputes are almost always conducted in the form of straightforward power struggles between parties and individuals, the economic issue that divided the three governments and dominated the election campaign is real and increasingly compelling.

Inflation stands at about 16 percent a year, unemployment is rising, the public debt is enormous, the lira has been losing ground and Italian industrialists have been complaining for years that high labor costs and low productivity are making it increasingly difficult for them to compete in the international markets

In past governments and during the campaign, Mr. Craxi's views on how to deal with these issues were in basic conflict with those of the Republicans, Liberals and the leader of the Christian Democrats, party secretary Ciriaco De Mita

Mr. Spadolini made himself the spokesman of ansterity. He urged swift drastic anti-inflation measures. After the election in June, he was quoted us saying that labor policies — the creation of jobs and wage increases had to be "subordinated and linked" to a policy of reducing inflation. Mr. Craxi, during and after the campaign, charged that the medicine prescribed by Mr. Spadolini, the Liberals and Mr. De Mita was so potent that it would "kill the patient."

The fact that the Christian Democratic leadership now accepts Mr. Craxi as potential prime minister is interpreted to mean that the ruling party is backing off from Mr. De Mita's campaign position, because the party has found out that a policy of economic austerity is not popular with the mass of the voters who backed it in the past.

This, in turn, can only mean that if Mr. Craxi becomes prime minister, the Christian Democrats will meet him halfway on economic policy, leaving the Republicans and Liberals to fight the battle for austerity

Apart from splitting any future coalition government from the start, this may well mean that Italy will continue to be the only European country not conducting a policy of austerity, much to the despair of its professional economists, industrialists and business community.

The Communists, the perennial second party behind the Christian Democrats, lost votes fractionally in the election, but because the Christian Democratic loss was so much bigger (between 5 and 6 percent of the vote in the Chamber and the Senate respectively), the gap between the two parties now is narrower than it has ever been since World War II.

If nothing else, this has given Enrico Berlinguer, leader of the Communist Party, who was in a shump before the election, a much-needed lift, and it has increased the Communist Party's influence in the coming economic debate. This is apt to harden the trade unions, which had already accused Mr. De Mita of having sold out his party to the big industrialists and to the business community.

All this will weigh heavily on the new government or, more probably, successive governments, for Italian commentators find it difficult to imagine that the new coalition, whether under Mr. Craxi or not, will be able to last much longer than the average of its predecessors, which was about eight months. When Mr. Craxi brought down the Faniani government in April and forced President Pertini to call anticipated elections (the next regularly scheduled election was due in 1984), he and his aides were confident that the Socialists would gain 4 to 5 percent more votes than they had in the last national election in 1979. Instead, they made a gain of 1.8 percent, a semi-defeat acknowledged by the party.

If their hope of a large gain had come true, Mr. Craxi would have been swept into the prime minister's role as a commanding figure able to dictate his policies, within the limits of the Italian system. If he becomes prime minister now, by contrast, it will be as a result of one of those many half-hearted compromises that have been the unformate norm of Italian politics all along.

Mr. Craxi insisted on new elections now, primarily because he feared that Mr. De Mita's efforts to overhand the Christian Democratic Party and give it a new modern image would make the ruling party a much more formidable opponent in the future.

Mr. De Mita was not able to complete his project. And while insiders say that he underestimated the strength of Christian Democratic traditions, the most telling reason obviously was that be did not have enough time. The De Mita wing of the party is being blamed for the election

So far, recrimination within the party has been muted. But a power struggle between the "old" and the "new" Christian Democratic Party is inevitable and may well become the most interesting and important next development in Italian politics.



Lake Como at Fiumelatte

Tourism: Continued Stability Forecast

By Janet Stobart

ROME — With the holiday season in full swing, both sides of the Italian border are assaulted by the customary exodus of Italian tourists going abroad for their vacations and the influx of foreign tourists who once again choose Italy as their favorite playground.

This year the Italian side of the border will be far less blocked than the West German, Austrian and French sides, for despite the freer currency restrictions regarding money taken abroad, Italians find their devalued

lire buy more holiday time at home than abroad. Last year, of the 50 percent of the Italian population that moved away from home for a holiday, little more than 5 percent crossed the frontier.

The holiday money spent by Italians in Italy totaled \$18.6 billion. against the foreign tourists who spent \$8 billion. After several lean years when Italy's image abroad was plagued by reports of crime, terrorism, communism, earthquakes and avalanches, last year finally brought a

period of serenity and comparative prosperity for the tourism business. Foreign visitors, headed as always by the Germans, 7 million of whom came to Italy in 1982, increased by 11 percent over 1981, and the year closed with a balance of almost \$6 billion. The forecast for this year is one of stability rather than another spectacular increase in the tourist business, but tourism is still first on Italy's list of incomes.

Despite the decision of Pope John Paul II to make 1983 an extraordinary holy year, the tourist trade observers do not foresee larger amounts of upper-class tourists in Italy and the loss of French currency this year is foreign currency in Italian treasury coffers. After all, pilgrims do not estimated at about \$900 million.

spend the kind of money disbursed by tourists. In fact, by Easter this year a drop of 6.6 percent over last year in foreign tourists staying in hotels was already registered and there was also a considerable decrease in foreign travelers who had booked their Italian vacation in advance — 13,000 fewer than last year.

"It's too soon to make gloomy predictions for the final yearend tourist balance," said Franco Paloscia of the information office in the Italian tourist board. "And we must take into account that while Italy increased her foreign tourism by II percent last year there was a decrease in world tourism of 1.4 percent, so if we keep an even keel this year we are doing

The foreign visitor in Italy will be able to use gasoline coupons for car travel this year but will find average price increases of between 18 and 30 percent over last year's air fares, radroad tickets, hotels and package

While most of Italy's expected 50 million foreign visitors will accommodate themselves in cheap or medium-priced lodgings and the sleepingbag brigades that bed down in the streets of Florence and Venice every year will probably increase, a blow has been dealt to the quality-seeking. sector of tourism.

French travelers, at 5 million last year, second only to the West Germans, will diminish in numbers this year due to the currency exports restrictions limiting them to \$415 a year. The French are traditionally

Election Setback Damages Hopes for Economy

(Continued From Preceding Page)

ciale Italiana, and Ettore Massacesi, president of the Alfa-Romeo auto-

mobile company, warned that "urgent and unavoidable choices," would inevitably be delayed by the surprising results.

What that means in practice was spelled out rapidly by Giovanni Goria, treasury minister in the caretaker government of outgoing veteran Christian Democrat Amintore Fanfani.

In a press conference on June 30, Mr. Goria said that Italy's runaway public deficits were heading for a massive total of 90 trillion lire this year. Mr. Goria said his efforts to rein in the public-spending borrowing requirement for 1983 would almost certainly be scuttled unless corrective action is taken by the end of July.

Mr. Goria has pledged to hold the budget deficit to 71 trillion lire, the same money level as last year, which would be a significant drop in real terms. He said cuts in spending, worth more than 15 trillion lire, had to be introduced within 40 days if he was to achieve that objective. Turin's moderate daily, La Stampa, said that the caretaker government of Mr. Fanfani "cannot launch a severe containment strategy," and that

"it requires a stable government with full powers." Other business commentators in the Italian press have charged that the Fanfani government avoided consulting parliament on the overshoot before so as not to tamish the Christian Democrats' image for the

Mr. Goria, however, put the blame on institutional problems such as an

increase in the deficit of the Institute for Social Security, the state agency that administers the various pension plans, which it is forecast could reach 133.7 trillion lire this year if no action is taken.

"I am worried, both as a minister and as a citizen, whether the new government will succeed in carrying out the provisions made by the Fanfani government that have not been realized." Mr. Goria, 39 years old, said. His concern is shared by many government economists who estimate privately that the budget deficit reached 15.6 percent of Italy's gross domestic product, a record for an industrial nation. Experts agree that it is the major cause of Italy's high inflation, which reached 16.4 percent in 1982.

Although foreign bankers had been skeptical about Mr. Goria's ability to make what they saw as necessary cuts in welfare spending, many Italian businessmen felt the Fanfani government had come closer to getting it right on the economy than any other administration since the

In January, the 75-year-old premier, with a reputation for toughness, achieved a major breakthrough, a huge roll-back of union power, when his bright young labor minister, Vincenzo Scotti, persuaded both sides of the industry to agree on a cut in the scala mobile, the escalator clause in agreements cushioning earnings against inflation.

The accord was a watershed. In the past, the unions' stance had been unequivocal with the slopen "Lu scala mobile non si tocca" ("Hands off the escalator") to be seen on banners unfuried by shop stewards at every (Continued on Page 10S)

A New Taste for Sports Cars Appears as Terror Fear Ebbs estimated that the giant Italian auto manufacpowerful local industrialists' association in Tu-

(Continued From Preceding Page)

cars for larger companies whose mass producbon methods are incapable of the extremely high level of craftsmanship associated with the

The latest project to be launched by Fininfarina exported about 38,000 sports cars in Europe in is the Spider Europa, which combines a Volume 1982, including 11,000 units of the 127 Sport X engine made with Lancia technology and the basic carriagework of the old Spider 124. The large automakers in order to hold off tough foreign competition such as that posed by West Germany's Porsches, more than 500 of which were sold in Italy in the first five mouths of this year, according to the ANFIA figures.

produced in their own plants. A Fiat executive farina, for example, is both president of the

turer produced about 28,000 sports cars a year for domestic consumption of which the biggest sellers are the Ritmo 105 and the Abarth 112. Party. high level of craftsmanship associated with the most exclusive Italian antomobiles.

Sales of those two lines reached a total of about 6,500 units each in 1982, Fiat and both lines are also selling well in France, Switzerland and West Germany. Fiat and Lancia together

and 9,000 of the Rimo 105, the company said. Fast announced last week that it would raise small sports car companies have to lean on the prices of all Fiat, Lancia and Autobianchi mod- the more voluptuous curves of the 1950s and els by an average of 2.5 perceni, effective July 1960s obsolete.

rin and a member of the European Parliament in Strasbourg representing the Italian Liberal

The most talked about of them all is perhaps. Giorgio Gingaro, doyen of designers of sports and other cars, whose Ital-Design Company is hailed as the leader in Europe and, perhaps, the world. With his angular, functional inner and his endearing habit of sketching all the time, even while talking to strangers, Mr. Gingaro soon made a name for himself in the 1970s rendering

Despite a reputation as a prima donna who oes not take kindly to clients suggesting modiwere sold in Italy in the first five months of this year, according to the ANFIA figures.

The big concerns, while faming our production of some models, have always maintained a presence in the sports-car market with models known manufacturing companies. Sergio Pininhave always maintained as presence in the sports-car market with models known manufacturing companies. Sergio Pininhave called on his services.

-JOHN PHILLIPS

Milan Trade Fair

AN APPOINTEMENT FOR BUSINESSMEN FROM ALL OVER THE WORLD, A MEETING WITH THE BUSINESS

FROM 14th TO 23rd APRIL, FOR THE GENERAL TRADE FAIR. ALL THE YEAR ROUND, ON THE OCCASION OF ITS 80 SPECIALIZED TRADE SHOWS

TRADE EVENTS SEPTEMBER-DECEMBER 1983

AUTUMN MACEF '83 - International exhibition of household articles, glassware, ceramics, gilt articles, silverware, goldware, precious stones, semi-precious stones, hardware and tools

september 2-4
SUMMER MIAS '83 - International market of sport articles and camping

ANTEPRIMA-IDEAMAGLIA - Women's collections - International knitwear INTIMO DOMANI - Underware collections

AQUARIUM - Collections for the sea

september 10-15 8th EUROLUCE - International tighting exhibition 23rd (lelian furniture exhibition

EIMU - International exhibition of office lumiture

SMAU '83 - International exhibition for the office: informatics, leiematics and

communications systems, machines and turnishing for the office september 30 - october 4 MODIT - International exhibition for women's fashion coffections

MILANOVENDEMODA 29 - Bride Italy

OCTOBER

october 2-6: MfLANO COLLEZION: - Presentation of springsummer collections '84 october 10-19 ITMA - 9th International exhibition of textile machinery

october 28 - november 7 48th MIFED - International film, TVfilm and documentary market

12th INTERSAN - International exhibition of technical and sanitary orthopaedics, sanitary articles, surgical instruments, hospital equipment, physicelectromedical appliances, corsets and sanitary articles for early childhood

NOVEMBER

44th MIPEL - Italian leather goods market (international exhibition) november 4-8 EXPO COMMERCIO '83 - 18th International exhibition of commarce equip-

EXPO TURISMO '83 - 18th International exhibition of equipment for tourist and receptive admittes

SIRC '83 - 8th Italian exhibition for collettive restoration 10th International exhibition of confectionery and ice-cream products

FRE - 13th European drinks exhibition SIPRAL - 13th Exhibition of food products EURONATURA - 3rd SANE - Exhibition of herboristry, natural food and beauty culture

november 12-14 BEAUTYSHOW - 5th Exhibition and conference of harr-style, beauty, perfu-

3rd SFORTEC - Exhibition of technical sub-supplies (International exhibinovember 22-26

MAC '83 - 23rd International exhibition of equipment and appliances for the chemical industries and for laboratory research, analysis and tests november 22-27 SIMEI - 11th International wine & bottling machinery exhibition

november 23-29 48th International exhibition of cycles and motorcycles november 26 - december 4 LA MIA CASA · 14th Furnishing exhibition

DECEMBER

6th International exhibition of "DO IT YOURSELF" december 6-9 ESMA-EUROTRICOT - European knifwear exhibition EXPO DETERGO '83 - Exhibition of equipment, services, products and accessories for laundry, drycleaning, ironing tendies, cleaning, and allied

RIUNIONE **ADRIATICA** DI SICURTA' $MHAN - ITAI\Lambda$

The Annual General Meeting of RAS-Riunione Adriatica di Sicurtà was held in Milan on 29th June 1983 and adopted as Ordinary Business the Company's Accounts for the year ended 31st December 1982, reflecting a net profit of Lit 118 bn

A dividend of Lit. 1,600 per share (1981: Lit. 1,400) was declared, which will be payable as from 19th July 1983.

In their Report, the Directors state that the Company's 1982 figures are not directly comparable with those of the previous year, mainly because the 1982 Accounts do not include figures for the French and Austrian Branch Offices which were transformed into locally incorporated Subsidiaries.

The comparison is instead homogeneous for direct insurances written in Italy. where there was substantial growth in premium income, with increases of 28% being achieved in the Life Branch, 29% in the Accident Account, 30% in the Marine Account and 19% in Fire.

At Lit 1622 bn (US \$ 118.4 m.), RAS' solvency margin exceeds the minimum legal requirement by Lit. 61 bn.

As Special Business, proposals were adopted to split each of the Company's Lit. 10,000 par value shares into two Lit. 5,000 shares, and to increase its share capital from Lit. 64,800,000,000 to Lit. 87,480,000,000 by means of a combined scrip and rights issue. The merger of four wholly-owned real estate subsidiaries into RAS was also approved.

Directors were elected to serve for the forthcoming three-year period, and at a Board Meeting held after the Annual General Meeting, Mr. Ettore Lolli was re-elected Chairman and Mr. Carlo Pesenti Deputy Chairman, while Mr. Umberto Zanni was re-appointed Managing Director.

HIGHLIGHTS OF ACCOUNTS RAS ONLY, DOMESTIC AND FOREIGN BRANCH OFFICES

(in US dollars) Premium Income 740,204,387 112,233,953 Investment Income Claims, Maturities and other Benefits paid 422,885,309 Insurance Reserves, Non-Life Branch 663,549,073 Insurance Reserves, Life Branch 451,687,826 Life Sums assured 3,743,524,728 Share Capital 47,299,270 General Reserves 189,334,845 8,666,492 Profit for the year

PREMIUM INCOME OF THE RAS GROUP (ITALY AND ABROAD)

2,400 2,200 2,000 1,800 1,600 1,400 1,200 1,000 SALES OF THE RAS GROUP Premium income breakdown in 1982 (in US \$)

RAS (in Italy and abroad) 740,204,387 Other Italian Group

Companies 144,177,901 Foreign Group Companies 949,601,570 Total premiums 1,833,983,858

RAS Group, Life Business Total Sums assured \$ 8,792,556,234

The Milan Fair Organization disclaims all responsibility for any changes in the dates announced as above. Information: Fiera di Milano, Largo Domodossola 1, 20145 Milano (Italy) tel. 345.32.51/2/3/4, cable Fieramii, telex 331360 EAFM I.

Industry: Signals Of Serious Decline

ROME - For Italian industry, the bad news all arrived in April. Overall industrial production in April fell 14.2 percent, against a record April 1982. This followed production drops of 6 percent in January. 8 percent in February and 8.2 percent in March.

It was also in April that the country's four-party coalition government fell and that early elections were set for June, virtually guaranteeing months of political instability and threatening Italy's long-awaited econ-

In addition, the first wave in what promised to be a long series of bitter strikes over three-year contract renewals was seen in April. A three-sided agreement over wage indexation among industry, government and labor. which had so carefully been put together last January, began to show signs of unraveling. Finally, at the end of the month, Italy officially registered its 36th straight month of recession, marking a three-year

"I haven't seen a situation this delicate for Italian industry in the last 23 vears." said Mario Boselli, president of the Italian textile industry years, said main better, personal relation to the industrial production has association. Unofficial reports indicate that industrial production has since recovered some ground in May and June. Another positive sign is that electricity demand, widely regarded in Italy as an indicator of industrial strength, rose 1.1 percent in June, the first such rise in the last

These factors, however, are more than outweighed by negative ones.
Following the June 26-27 elections, Italy is still without a government and is likely in remain that way indefinitely, so complicated — and so is likely in remain that way indeninity, so complicate in likely in remain that way indeninity, so complicate unexpected — were the results. Without a government, any hope of complete forging a new economic policy for industrial recovery is gone. And with the setting of a new economic the August vacation season approaching, the setting of a new economic policy — not to mention the constitution of a new government — could

policy — not to mention the constitution be delayed until well into the autumn.

One economic think tank, Promoteia, One economic think tank, Promoteia, in Bologna, has already predicted that I taly's gross national product will decline between 0.5 percent and 2 design 1000年 1 percent for 1983 after a fall of 0.3 percent in 1982. Predictions originally had been that it would rise between 0.5 and I percent. Moreover, most analysts think that Italy will fail to reach its goal of reducing inflation to 13 percent by the end of the year, and that it will probably stay at the present 16 percent.

present 16 percent.

Nor is much progress expected in reducing runaway government deficits. Meanwhile, industry's contract re-negotiations with the unions, which affect 1.5 million workers, have reached an impasse and major new considered likely. strikes are considered likely.

For Table 2017 More optimistic estimates are given by ENI (Ente Nazionale Idrocar-Cont Cont to the buri), Italy's giant state holding company for energy and chemicals. GNP should grow by 0.3 percent in 1983, ENI estimates, and then by 3.2 ch to percent in 1984. The net fall in industrial production for this year will be only 1.5 percent, followed by a rise of 3.3 percent in 1909. Each beat that the government's statistics relating to industrial production for the first half of this year are significantly exaggerated and do not take into account several important sectors in the Italian economy. · Francis and

As a state-owned company, one of ENTs purpose, company sources said, is to serve a counter-cyclical function by stimulating the economy at times of recession—such as now—through well-targeted investments. An example is the construction of the 1,560-mile natural gas pipeline from Alasia theoret Tomics and Statistics. from Algeria through Tunisia and Sicily onto the the southern Italian

ENI said its 1983 investments in trany will not be resulted, should go some foreign investments will. Its activities, sources said, should go forward as planned, even in the absence of a government. The one states a consequent is needed to ENI said its 1983 investments in Italy will not be reduced - although exception is the chemical sector, where a government is needed to exception is the chemical sector, where the coordinate and give final approval to an agreement signed by ENI and privately owned Montedison.

Italian industry had been or

Italian industry had been counting on help from two different sources, and by now both of these hopes have faded. First, it was thought that economic recovery in the United States would eventually translate into recovery in Italy as well, but it now appears that Italy, like France, will fail to get any assistance from a resurgent U.S. economy because of built-in structural weaknesses and ineffective government policies.

Secondly, the combination of the drop in oil prices and the devaluation of the lira against other European currencies last March was expected to give Italian exports a boost. It has not and, experts think, probably will not. Exports of clothing, shoes and furniture, for example — traditionally

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Concern Over New EC Agricultural Policy

10 EC governments have been embroiled for many months in a series of grueling negotiations in an effort to work out a new policy for Mediterranean products prior to Spanish and Portuguese accession.

The aim is to set up a system that would provide elements of support without stimulating the production of surpluses — as has been the bitter experience with products like milk and cereals — but the issue has so far defied solution.

Some experts believe, in fact, that it is impossible to have a support system that does not encourage overproduction and they forecast that the EC milk lake ravages of the expected spending purge but it will not could soon be dwarfed by lakes of wine and olive oil produced in Italy, Greece, Spain, Portugal and south-

states in the forefront of the battle for tighter tariff the financial stringency and the EC's expansion south-controls and "safeguard clauses" in order to counter-ward that the golden years of Italy's relationship with balance the impending arrival of Spain and Portugal the CAP can continue.

dollar's continuing strength against the lira.

more than 70 percent.

12 percent in volume in recent months. Whatever gains Italy has realized

cause of lower oil prices and devaluation have been offset by the

Overall operating capacity in Italian industry stood at 90 percent in

llen to 82 percent. By the end of April of this year, it had sunk to a little

April 1980, when the current recession began. By the end of 1982, it had

with increased curbs on imports from North Africa

It remains to be seen how successful Prime Minister Margaret Thatcher of Britain and West German encellor Helmut Kohl will be in turning the screw on agriculture, but most governments realize that the community could soon end up broke and politically bankrupt if limits on farm spending are not imposed

Because of the underdeveloped nature of Italian agriculture, against other areas of the community, the country will be sheltered from some of the worst

The future development of Italian agriculture will then depend on the shape of the Mediterranean policy As the community struggles with this conundrum, adopted by the 10 in order to allow the future 12the pressure for greater protection against external nation community in function efficiently but econo-competitors has increased. Italy has been one of the mically. But it seems difficult to imagine that with all

three of Italy's strongest export sectors - have declined between 10 and cutting jobs, installing robots, spending money on pecessary investments and developing an extremely cost-conscious production system. By reducing costs in a declining market, Fiat is beginning to look toward

making a healthy profit. One of the reasons for Fiat's success, analysts feel, was its ability to stand firm against union demands during a 1980 strike, a situation that led to the now legendary march of 40,000 Fiat workers through the streets of Turin in deliance of the unions asking to return to work.

Another bright spot in Italian industry continues to be the small and The impact has been felt in all industrial sectors, although in some medium-sized companies, often family owned, in northern Italy. Active in many sectors, including even such industries as steel, normally reserved worse than others. Considering "traditional" industries, steel production was down 24.6 percent over the first four months of the year, auto sales only for large corporations, these companies have been successful bedeclined 15 percent in April alone, and chemical production had dropped se they are extremely adaptable to fast-changing market condition 7.6 percent. Declines in other industries over the first four months were and because they are small enough to be able to let workers go or to shift registered in food (1.2 percent), textiles (10.4 percent), minerals (11.4 them to other positions when necessary without facing union opposition, While the mions themselves recognize that layoffs and job shifts are percent) and clothing (11.8 percent). In the important machine-tool

industry, where Italy ranks second in Europe, domestic orders are down 32.5 percent and export orders 26.7 percent. Even in the arms industry, necessary to structural reform and industrial recovery, there is a lack of consensus over how this can be done. There is no consensus between unions and industry, between the unions and government, between state where production often holds its own during a recession and where Italy ranks fourth in the world among OECD nations, production has dropped and private industries, between different regions and between the unions iselves. And, in the meantime, there is no government either. One of the few bright spots in Italian industry is Fiat, which has achieved a turn-around in its bread-and-butter automobile division by

New Fortune-Builders Share a Talent For Fast Moves in Finance Market

network, and as of the latest statistics

to Italia Uno, a second popular pri-

networks together could this year

billion lire of advertising. Mr. Berlus-

when he concluded a deal to buy 52

y's single most popular relevision

days of every week.

vetti, Zanussi, Buitoni - are still very advertising revenue to go with it - mutual funds were not legal in Italy) much a part of the nation's economic than the second (and smaller) chan-centering on real estate investment

But in recent years a variety of bright newcomers has arrived, particularly in the fields of real estate and finance. One explanation for this is that while the inflationary thrust set off by the oil crisis of the early 1970s has had far-reaching negative effects for industry, it has facilitated those able to make a living through use of the financial markets and involvement in the growing tertiary sector.

fortunes have been built by men with no solid industrial experience behind them. What Silvio Berlusconi, Giuseppe Cabassi and Orazio Bagnasco have in common — other than sharing the contemporary financial lime- is a meteoric rise in finance that had its origins in gigantic real estate operations of one type or another.

Silvio Berlusconi, 45, from Milan, began as a contractor, went into real estate and recently into publishing and the rapidly develop-ing commercial television sector. Mr. Berlusconi's first major coup was the construction and sale of "Milano 2," a landscaped modern satellite city outside Milan that

ouses more than 10,000 people. Using his holding company Fininvest, Mr. Berlusconi is engaged in attempts at funding his current real estate project, "Milano 3," apparently with somewhat less success. But his first venture into commercial televi-

Rizzoli publishing company. of mover and shaker. Milanese, now exchange commission, for the publi-54, he is known for his ability to cation of offer documents for two transform the vast real estate inheri- new Italian mutual funds. tance left him by his father, who

and services. In 1979, Mr. Cabassi emerged with sion, a private station called Telemi-lano that began operating in 1976, the major Italian department store has now become the nucleus for the

Last year Mr. Cabassi was frequently mentioned as a possible purchaser for the Rizzoli Milan daily. Corrière della Sera, but negotiations appear to have come to a standstill,

Milanofiori, a commercial center being constructed at Assago on the Milan-Genea autostrada that is expected to become headquarters for scores of major Italian companies as well as for the Italian world trade center being sponsored by CONFTN-DUSTRIA, the Italian national manufacturers' association. His major problem, insiders say, is liquidity and this could be greatly eased if land values for the MILANOFIOR1 area continue to rise.

A third newcomer is Orazio Bagnasco, a 56-year-old financier originally from Genoa whose current fin-Italian industry may have to wait a while yet for some good news.

— ROBERT WAZEKA ancial empire got its start in 1969

ROME — Italy's industrial pion"Channel Five" network that now with the establishment of a Swissers—among them Fiat, Pirelli, Olihas a larger TV audience—and the based mutual fund (until this year nel of RAL, the Italian state television and leasing

Mr. Bagnasco's then unequaled released early this month, more spectorainchild was the creation of a nators than RAFs first channel four network of about 1,200 door-to-door salesmen who, selling his fund, were As if this was not enough, Mr. said to collect between 100 billion Berlusconi — who had no previous and 150 billion lire a day from Italian publishing experience or interests — family savings.

has purchased at least a third of the Like Mr. Berlusconi and Mr. Caconservative Milan daily Il Giornale bassi, Mr. Bagnasco first attracted Nuovo and set up a new network, major public attention when he made RETE 10, that has bought the rights a conditional offer to buy up the assets of the collapsed Caltagirone Over the last few years several new vate TV network that had been established estate empire in the late 1970s. lished by veteran publisher Edilio
Rusconi.

Late last year insiders were predicting that the two Berluscom operation that left him with a controlling interest in the CIGA chain of count on between 350 billion and 400 Italian luxury hotels.

Vice president of the Banco Amconi's chances to reach this record brosiano until shortly before its colwere further improved last month lapse after the disappearance and subsequent murder of bank president percent of Sorrisi e Canzoru TV, Ita- Roberto Calvi last year, he also purchased 44 percent of Valtur tourist magazine from the heavily indebted villages from Fiat. His latest coup was authorization in early July by Giuseppe Cabassi is another type CONSOB, the Italian securities and

All this is not to say, however, that owned a series of sand quarries out- the only new fortunes being made in side Milan, into an empire of finan- Italy these days are financial. Several cial interests that ranges from insur-new industrial empires have also ance (six of Italy's top companies) been constructed by relative newand stocks, to hotels, tourist villages corners.

One example is that of the Benetnn family. In 1966 the four Benetma siblings — Luciano, Giuliana, Gilberto and Carlo - began a small knitwear company that over the years has mushroomed into an industrial operation that at last count involved the annual production of more than 20 million wool and cotton sweaters and pullovers, seven million pairs of pants and But Mr. Cabassi's major project is yearly sales of more than 400 bil-

The Benetton's seven trade marks - the best known are Beneston and Jean's West - are sold throughout the world in more than 2,000 franchised stores.

Another force that must be reckoned with is Calism Tanzi, the 44year-old head of the extensive Parmalat empire, Mr. Tanzi's long-conservation milk and whipped cream, his yoguri, dairy deserts and well-packaged juices are now sold throughout the world, for an annual turnover of close to 500 billion lire.

- SARI GILBERT

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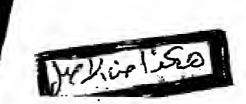
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Hidden, Illegal Economy Bolsters Gross National Product

By Daniela Iacono

ROME - Giovanni, a clerk at the draft board, did not seem like much of a worker. He habitually came in late, left an hour early and took daily coffee breaks that looked more like business lunches.

But Giovanni - not his real name - is really what anyone would call a workhorse, who puts in an average of 12 hours a day at three jobs. In the morning, he clocks in at his official job at the draft board, on which he pays taxes and receives ample social benefits. Because of Italy's powerful unions and stringent job protection laws, chances are he would never be fired even if he did not do another stroke of work throughout his career.

In the afternoon, Giovanni works as an accountant for a small shop in Rome, and in the evening he sells tickets at a local movie house — both off-the-books jobs on which he pays no taxes. Giovanni is one of an estimated 6 million Italians who regularly beat the system in Italy, either by working at two, three or four 'second" jobs or by toiling away at jobs and industries that just do not exist on paper anywhere.

Italy's "submerged economy" of moonlighters working long hours at various jobs or producing goods in a myriad of small workshops in their homes, garages, cellars and even kitchens, is costing the Italian government millions of line every year in unpaid taxes. But as Italian economist Luigi Bruni said, the sub-merged or invisible economy is "Italy's salvation." It allows millions of people like Giovanni to make ends meet, adds tremendously to the national product, enables Italian businesses to fight off Third World

A recent conference of economists in Rome concluded that the invisible economy, if counted as part of the country's production, would raise Italy's gross domestic product by at least 25 percent. Franco Ferrarotti, a sociology professor at the university of Rome who heads a study on underground workers, estimated that the submerged economy was as high as one-third of the country's official gross domestic product, put at \$337 billion in 1982.

Other examples of economy all Italiana: The province of Naples is said to be the largest exporter of leather gloves in the world, exporting an estimated 5 million pairs a year, although as Mayor Maurizio Valenzi pointed out, there is not one glove

factory in the area An estimated 90 percent of the world's ski boots come from the northern Italian town of Montebelluno, even though, again, no officially registered boot factories exist there.

In Lumezzane, a small community in the foothills of the Dolomite mountains, large mechanical concerns dole out unregistered work to small family-run cottage industries. The larger unit usually subcontracts to a small workshop some specific job that is economically unleasible for the larger concern to integrate into its production. In many cases, the larger workshop even provides the necessary machinery for the smaller unit, which is often run by an employee of the larger plant, working in his free time.

Benetton, the major Italian knitwear and casual clothes maker, officially employs about 1,600 people,

competition and restores fluidity to the country's but it gives work to an additional 10,000 all over product is roughly equivalent to Italy's official GNP otherwise stagnant job market.

but it gives work to an additional 10,000 all over product is roughly equivalent to Italy's official GNP ingress and Rotain does not have the same flourishing workshops to the designs and standards set by the underground economy, the startling conclusion is that

bigger company.

Several ceramies factories in Rome, which manufacture some of Italy's world-renowned tiles, have been remote corner of Rome to another to escape fiscal

But employers and employees alike seem content with the situation. "Everyone benefits," said Francesco Peddelay, a stockbroker at the Bank of Rome. "The owners don't have to pay steep social benefits and the illegal workers don't pay any taxes. You stroke my back, I'll stroke yours is the system."

"I'll always work illegally," said Pino, a 26-year-old "unemployed" Roman who has been working since he was 15. "You get paid more, you get to keep all the money and it's easier to move in and out of jobs."

The only apparent loser in the arrangement is the Italian exchequer—but even there benefits are had. Since the European Economic Community regional development fund was first established in 1975. Italy has received more than \$2.4 billion - the largest of any member country. Italy receives some of the lowest interest loans available from the European Development Bank and is one of the largest net gainers in terms of budget contributions against aid received from the community. It is also one of the largest recipients of agricultural subsidies. Italy's traditional plea for aid would be radically changed if the submerged economy was taken into account.

When it is considered that Britain's gross national

Italy is a far richer country than Britain. "The EEC in Brussels is very unhappy about the situation," said Mr. Ferrarotti. "They know Italy is much wealthier known to change address overnight, moving from one than it looks on paper."

The growth of the moonlight economy has been traced to the late 1960s when Italy's industrial north Rece

Moto

was torn by labor strife, which started a wage explosion that blunted the competitive edge of many big companies. Employers pay about 50 percent of a worker's salary in social security contributions each Mr. Ferrarotti said he believed the situation will

slowly change. The young people are really paying the highest price for this situation because they just can't get that first job; only people who already have an official job can get work." he said.

He said Italians, who are reticent about their activities, are also tired of "living clandestinely.

"They want to come out of the catacombs."

Customs and tax officials have recently stepped up their campaign against tax evasion. A new law requires all Italian business to buy new, expensive cash registers and provide proof of payments for value added tax. This law will expensively extend down to the law of the control of the law will expensively extend down to the law of the law will expensively extend down to the law of the law will be a second or the law of the law tax. This law will eventually extend down to the lowest Italian vendor, including street vendors, barbers beauty parlors and cobblers.

But most observers believe that this regulation, like hundreds of others before it, will be regularly circum-vented and ignored by most Italians and that Italy will continue to bubble energetically beneath the surface.

Banking: An Industry Continues to Modernize

By Robert Wazeka

ROME - The modern banking system, as it is known in the Western world, originated at the Banco di Rialto in Venice in 1587 - and in Italian banking nothing has changed in the 396 years since. This joke is heard often in Italy,

and it is easy, on the surface, to understand why. Walk into almost any Italian bank and you will notice an absence of queues, a crowd of angry people and a mass of bank employees sitting around doing nothing or talking or walking endlessly back and forth to get incomprehensible forms stamped and signed and filled in. The simplest

transaction, such as cashing a check, can easily take 45 minutes.

Open an account and you will discover that the interest rate you receive is negotiable. Deposit a check you have received from another party, even from the same bank, and you will discover that you may have to wait weeks before you can write a check against it for cash. Fees must be paid for the most routine of procedures, such as receiving a simple statement of your account. Banks, you will find,

the Bank of Italy, is one of the most

respected in the world. Umberto Agnelli, vice president of Fiat, said in a recent article that banking was the the only sector of Italian business to be generally well-managed.

Long criticized for its resistance to change and for its unwillingness to allow new competition, the Italian banking system has begun to show some flexibility. This is best illustrated by the Bank of Italy's decision, announced on July 1, to remove the credit ceiling or maxi-male, which limits the total amount of money that banks can lend.

The credit ceiling was first imposed 10 years ago. Each year the Bank of Italy would allow total are never open in the afternoon or credit availability to increase only on Saturdays. It is easy to see why by a certain specific percentage, only 56.5 percent of Italians have a always set below the anticipated But appearances here are deceiv- was regarded as a fiscal policy tool

The chaos that one encounters in which the ceiling was lifted, however the public areas of banks inaccu- er, reflect the traditional caution of rately reflects what is going on the central bank. The action oc-behind the scenes. Several studies, curred at a time when loan demand for instance, have shown that when was low enough already to fall beall banking activities are taken into low the present allowable credit account, Italian banks rank about ceiling. This made a sudden upin the middle on various scales of swing in credit demand, which efficiency in comparison with could potentially fuel another banks in other countries. In terms round of inflation, unlikely. Still, of profitability, they rank close to the bank took the additional step of the top. And Italy's central bank, calling in leaders of about 20 major Italian banks. Together they worked out an informal agreement, only days after the amouncement that the ceiling had been removed.

to hold credit expansion to 14 percent through the end of 1983. This would be just under the anticipated yearly inflation rate of 16 percent. Another area in which Italian banking is beginning to change is in automation. By October, a new Bancomat automatic teller system

-a first for Italy -is expected to be operative in 270 banks out of a countrywide total of 1,079. The system should be operative in all banks in Italy by October 1984. The Italian Banking Association (ABI) is spending \$1.4 million to advertise the new system. More importantly, Italian banks, spear-

headed by ABL are moving toward the implementation of a comprehensive national system of elec-

years in modernization," said one Italian banker. "But we are hoping now to turn that to our advantage by installing a completely new system all at once - the way defeated countries like Germany and Japan did with their steel industries after World War II. In steel, they are actually ahead of the United States, which was not forced to turn to such wholesale modernization. We hope to be able to do the same in banking: to jump ahead of other countries in one big step.

Italian banks have recently come under criticism from both unions and industry for being too concerned with such things as automation and profit-taking, and not concerned enough with playing the central role they should be playing in the country's economic recovery by lowering interest rates. In March, ABI announced that the prime rate would be lowered to 19.5 percent from 20.0 percent. On May 3, it was brought down still as low as they can while still mak-further, to 18.75 percent. In April, ing profit. They maintain also that

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meanwhile, the Bank of Italy lowered the discount rate to 17 percent from a previous 18 percent. This means that the present gap between the prime lending rate and the discount rate - the rate banks themselves pay for borrowing — is only 1.75 percent, against 3.5 percent in James y 1982.

This, bankers argue, is proof that they are doing their best to get rates

the gap between the present prime rate (18.75 percent) and inflation (16 percent) is only 2.75 percent, which is lower than in almost every other industrialized nation.

For the general public, however, as well as for both industry and labor, Italian banks are seen as pro-viding inefficient service while charing high interest rates and tak-ing in large profits. Italian banks clearly have an image problem.

Film: Waiting for the Next Revival?

(Continued From Page 7S)

ing. Italian banks are more efficient for helping to contain Italy's high and are changing and modernizing inflation.

There is no question that Italian day convention earlier this month banks have lagged far behind those involving the Italian film association (AGIS), the national cinema-

tion (ANICA) and the national levision be domestic productions, (ANEC). ANEC recently took the work for such "protectionist" legis step of creating a new company called "Politalia" for the sole purpose of improving sound and pro-

As for the "crisis" in the cinema industry, convention delegates television channels that flood the were quick to point to external factors. The decline is a consequence of a flashy and ferocious anti-cinema campaign conducted by the television industry," said Franco booming business is the pirating of video cassettes, an industry that,

Election, Economic Hope

tographic and audiovisual associa- of the films shown on private te-

RAI, which telecasts on three different channels and which shows a high percentage of Italianmade movies, is fast losing au-diences to the dozens of private still the only major industrialized according to some sources, now has country not having a law requiring an annual turnover of as much as that a certain minimum percentage \$700 million.

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has nine shareholders, of which five are companies most of whose shares are held by the Italian state.



Ansaldo: belonging to the IRI-Finmeccanica group, designs and builds complete electrified transport systems and the equipment for them; its systems are in use in the Rome and Milan undergrounds, and in the railway traffic switching yards of many Italian cities.

Breda: belonging to the EFIM group, builds electrical locomotives and carriages for the undergrounds in Milan, Washington and Cleveland, and has supplied electric trains for the railways of Chile and India.

Condotte d'Acqua: operates in the field of the design and construction of every kind of civil works. It carries on substantial activities on the international level, for example in Russia, Iran and Japan, and recently bored the Mont Blanc

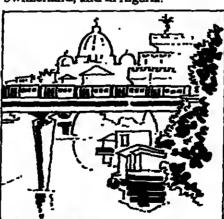
Ercole Marelli: operates in a great many sectors concerning electronics and electrical machinery; it designs and bullds power-supply, control, and trafficautomation systems.

IMI: its operations are carried on in industrial share-holdings and in the financing of research and development programs internationally; among other things, it carries on export-financing programs.

Italstat: belonging to the IRI group, takes part in Intermetro through Italedil; the manifacturing activities of this group are tied to the construction of transport systems in the metropolitan transport sector; it also makes traffic studies.

Cogefar: designs and builds railways, motorways, and metropolitan transport systems. Its most important railways at

the international level are in the Cameroons, in Australia, in Italy, in Switzerland, and in Algeria.



Fiat Ferroviaria Savigliano: manufactures stock that is rolling on the rail systems of thirty countries around the world; it is part of the FIAT group.

Impresit: this company too belongs to the FIAT industries group; it takes part in the construction of high-prestige civil works around the globe. It has built railways in Italy, Africa and Iran for a total of 2000 km.. It has also built more than 25 km of underground metro systems in Italy, Austria, Canada, and the USA.

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fani-led economic policy said the scala mobile was only the tip of an iceberg, Employment, for example, is probably still falling, an unpleasant truth underlined by Fiat's decision late last month to rehare as

(Continued From Page 8S)

scheduled about 17,000 employees who have been on state-subsidized layoffs since 1980. Unemployment is currently registered at 9.2 percent, according to Italian government figures, but state and European Community economists believe the true figure is

count the huge submerged econ-Another major headache is the

piling up foreign debt. Also crucial are the difficulties many large itsmass union rally. Critics of Fanlian concerns find in competing in today's markets as underlined re-cently by an acrimonious dispute with the European Committoner steel production quotas.

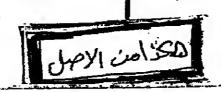
> Despite those failings, many of the actors on the Milan bourse and other key Italian markets ask whether a weak center-left coelition could do better than its pre-

Among the front-line runners for the premiership. Socialist leader Bettino Craxi is felt by some to be too close to union interests, alth-ough others say that a man with such a strong ambition to lead a closer to 11, even taking into acgovernment should be given a balance of payments deficit that has been sidestepped repeatedly by Socialist seats in the cabinet. chance to do so in return for fewer



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Recession Reaches Motorcycle Sector

" ROME - Recession at home and fierce Japanese competition abroad have dealt heavy blows to the once thriving Italian motorcycle industry, causing a dramatic drop in output and profits in the last two years. Aided by a favorable climate and sympathetic governments that erected a virtually inpenetrable barrier of protectionist measures around the home market, the two-wheel vehicle business was until recently still

one of the most prosperous in Italy. Enthusiasm for the country's stylishly designed scooters, mopeds and superbikes spread to foreign markets and in 1981 more than 70 concerns contributed about \$150 million in much-needed foreign exchange for the balance of payments.

Even the 1973 oil crisis, causing a heavy contraction in auto sales even among speed-loving Italians, seemed to work in the motorcycle producers' favor as consumers were forced to look for ways to reduce fuel

The state encouraged that attitude, going to the length of placing advertisements in subways and other public places in order to boost

motorcycle sales and reduce the oil-import burden. That policy contrasted strikingly with government policy in Britain and other major European markets where the state tended to encourage people to travel in cars because of a high number of motorcycle-related accidents and differing industrial policies.

But despite that assistance, producers agree that for the moment at least their run of good lack has come to an end. Nowhere is the turnround more clear than in the change of fortunes suffered by Piaggio, Italy's in the second leading scooter, moped and three-wheeler manufacturer. The Genos-based concern's profits last year fell from 20.1 billion lire to 728 million lire in 1982 after setting aside 57 billion lire for depreciation and other provisions. Turnover improved only marginally, reaching 628 billion lire last year, against 626 billion lire in the previous year.

Output was down 16 percent to 768,000 in 1982, compared to the more than 900,000 vehicles produced by Piaggio in the preceding year. Exports fell to 37 percent of total production from 41 percent in 1981.

fell to 37 percent of total production from 41 percent in 1981.

Executives attributed the setback to flagging home demand and the impact of Italy's sky-high inflation on operating margins. They added that they were pessimistic about future prospects.

Despite a major investment program that saw an injection of about 80 billion lire in product and manufacturing operation improvements, the company has had to place 3,000 of its 12,000 employees on state-subsidized layoffs.

Motorcycle dealers say the only section of Piaggio's home market that

has been relatively cushioned from the overall drop in spending is the sale of 50cc, or smaller, engine mopeds.

In overseas sales, Piaggio and the Italian industry as a whole are known to have been badly hurt by the flattening out of the U.S. market. Italian exporters say a secondary effect of that contraction was that the high

ducers suddenly found themselves with vast quantities of The Japanese quite simply dumped their excess output nn European and other world markets, selling at competitive prices that their Italian rivals, without the same capacity for mass production, were mostly

"unable to match. Even U.S. companies such as Harley Davidson found themselves in scrious trouble. Some Italian companies found themselves being sup-planted in foreign markets of the Third World by up-and-coming local companies that discovered they could easily copy the simple technology of many motorcycle engines.

In India, for example, Piaggio's scooter manufacturer Vesoa found itself embroiled in a legal battle with a local company called Baja with which it had previously had a licensing agreement. Italian exporters say. Baja recently refused to renew the agreement, deciding instead to produce similar scooters on its own without paying Piaggio a cent, thus knocking the Italians out of a huge section of their Far Eastern market.

Piaggio has appointed a former senior executive with Olivetti, Vittorio Levi, as managing director, in an attempt to resolve some of its current

Moto Guzzi and Benelli, the two giants owned by expatriate Argentine businessman Alejandro de Tomaso, are also said to be feeling the ... recession at home.

-JOHN PHILLIPS

Police Mobilized in National Bid to Stamp Out Organized Crime

ROME - Italian police are leading the fiercest battle ever against organized crime here, believed by authorities to have replaced terrorism as the greatest threat to Italian society.

In recent months, Italian magistrates in the south have stepped up investigations into the illegal activities of the region's criminal underworld and the related bloody gang wars that in the last three years are estimated to have taken more than 1.000 lives.

Last month, investigators in the Naples area ordered a police sweep that in 24 hours netted 454 suspected members of the Camorra, as the local criminal underworld is called. The total number of arrests resulting from that inquiry has so far reached about 600. In Palermo, too, magistrates are trying to prove the Sicilian Mafia's ties to the international heroin trade and with it its grip on the Sicilian and Italian economies.

Although terrorism has not disappeared from Italy — as was demonstrated by the murder by terrorists on June 26 of Bruno Caccia, a Turin district attorney — it has declined sharply over the last year and a half.

Interior Minister Virginio Rognoni, a Christian Democrat, attributed the decline of the Red Brigades and other leftist terrorist groups to the combination of increasingly effective police methods, a change in the Italian political and cultural climate and the arrests of several leading terrorists following the police rescue of U.S. Brigadier General James L. Dozier in January 1982. With the decline of political violence - there have

been only two political murders by terrorists so far this year - Italy's police and carabinieri have shifted their attention increasingly to organized

This first became evident in June 1982, when

Carlo Alberto dalla Chiesa, a carabinieri general who for years had been the leading figure in the fight against terrorism, was transferred to Palermo to head the battle against the Mafia. Three months later he and his wife were murdered in a Mafia

"At this point the Malia is more dangerous than terrorism," said Giovanni Falcone, a bearded Palermo magistrate who has been working full-time on anti-Mafia investigations since 1980 and who nowadays goes nowhere without a heavily armed

police escort. In the first place, Mr. Falcone said, the Mafia has deeper social and cultural roots than terrorism and is more insidious since it works through exploiting the system rather than trying to destroy it. Secondly, he said, unlike the United States where crime profits are generally reinvested in illegal or semi-legal activities like gambling, in Italy illicit earnings from heroin smuggling are being increas-ingly poured into legitimate businesses with a consequent distortion of the economy.

Once a rural-based Sicilian hierarchy run by respected local "dons" who gave tradition and complex codes of honor the same importance as power and wealth, today's Mafia has become a multimillion-dollar international business based on a massive heroin smuggling industry said to bring profits — the so-called "narcobre" — of close to \$1 billion a year.

Experts believe that Sicily's geographical posi-tion in the Mediterranean, the Malia's long exper-ience in cigarette smuggling and its basic solidity as an organization — despite a current two-year wave of gangland violence — explain its current role in international narcotics sanggling.

The fact is that since 1977 when a crackdown by French and American police successfully closed

placed Marseilles as the central refining and distribution center for Western narcotics. The Mafia's new-found enormous wealth has given it worri-some ties to the world of legitimate Italian finance, Mr. Falcone said, a development that contrasts with old assumptions that the "feudal" Mafia of the past with its charismatic leaders and strictly observed territorial fieldoms was a symptom of Sicilian economic underdevelopment and in time would disappear.

Instead, investigators say, the Mafia left the countryside and, prospering though rackets, kid-nappings and eventually drugs, installed itself successfully first in Sicily's cities and later in other

Although the Naples-based Camorra, with its complex membership rituals, goes back more than a century, Italian police in the area believe that the astonishing rise to power and predominance of the jailed Camorra leader Raffaele Curoln - once one of scores of minor cigarette smugglers in the area — can be attributed to his "appointment" several years ago by the Mafia. Mr. Cutolo, known variously as O Sonono, the highest one, O Zia, the uncle, or O Vangelo, the gospel, is opposed by other bosses in the area who have now regrouped

in a loose alliance called the "new family. However, since the earthquake of November 1980, with its shattering effects on the local economy, his "new organized Camorra" has merged salaried members into a giant organization with thousands of "salaried" members, or comparielli and enough clout to demand "contributions" from half of the 52,000 shopkeepers and merchants in the Naples province.

The crackdown on Mr. Cutolo's organization that began last month has been traced in the confessions of several ex-Camorristi, chief among them a former Cutolo lieutenent, 41-year-old Pasquale Barra, known as O Animale, the animal. But according to the Naples prefect, Riccardo

Boccia, who in a special report to the interior minister earlier this year described the Camorra as an organization that has set itself up as an alternative to the state, it will be impossible to defeat the Camorra as long as Naples has 140,000 unemployed and the surrounding province a total of 340,000.

With potential informers too frightened by the harsh punishments meted out to those who break the iron rules of omerta, or silence, getting at the Mafia has so far proved even more difficult. Today, however, magistrates in both areas are relying increasingly on their new powers to delve into bank statements, company finance sheets and other personal documents of suspected Mafiosi in an attempt to get at them by pinpointing the illegal sources of wealth.

But because the Mafia's long-standing practice of corruption, courtship and, when necessary, blackmail has given the criminal underworld strong ties in at least local political and economic notables, it is not going in be easy. "It will be a very long struggle for us," said Mr. Rognoni, who noted that the Mafia's traditional role as a parallel institution in rural Sicilian society makes it harder than

terrorism to isolate in the eyes of public opinion.

Others hlame the dominant Christian Democrais, Italy's largest party, who since World War II have viewed Sicily as a prime reservoir of votes. With the Mafia being seen as an anti-communist bulwark, the tendency was to allow it to operate and now it has gotten too big to control, the critics

Palermo's New Mayor, a Woman, Faces Challenging Urban Problems

PALERMO —On the surface, the recent election of a woman mayor in Palermo, the capital of Sicily, appeared to be an unexpected move by the local Christian Democratic Party in the name of change and

progress.

The election last April of Elda Pucci was greeted by excited headlines in both the Italian and foreign press. A respected pediatrician and hospital administrator with a gentle but firm manner, Dr. Pucci almost overnight — and apparently much to her own surprise became the first woman mayor of any major Italian

But, however pleasing in principle her election is to Italian feminists, the chances for real change under Dr. Pucci are limited. Moreover, progressives are concerned about the congoing economic and social deter-ioration of the Sicilian city that investigators now believe the Malia has made into a major heroin-

The most cynical in Palermo see her designation by the dominant Christian Democrats — the city's most powerful party, which has controlled the local government for the last three decades — primarily as a calculated "look how we've changed" operation by the party that also served to at least temporarily paper over its own sharp internal differences.

Some, who give credence to Dr. Pocci's avowed

The city has poor transportation and sanitation intentions to deal with some of Palermo's trickiest facilities, a lack of public schools, a dearth of park and

unemployment, to close the city center to traffic and iorated to a degree that some say is unprecedented in decentralize cultural and sports activities — are controlled to a degree that some say is unprecedented in decentralize cultural and sports activities — are concerned that her weak position as an abvious compromise candidate will work against her pledge to

"run things my own way."

Still others, made wary by the mayor's own low-key assessments of the city's ills and their causes, believe Dr. Pucci is not much more of a mover and shaker than the long list of her disappointing predecessors. With 43 percent of the vote in the province of Palermo. critics said, the Christian Democrats see no real need for change in the area and would be loathe to rock the

Years of neglect by local anthorities and the central overnment have caused law and order on the island to deteriorate to the point where gangland wars take as many as 300 lives a year in the Palermo area alone.

In addition, economic and social conditions in Palermo are alarming. Although sixth among Italy's cities in terms of consumption, Palermo with 700,000 inhabitants has more than 50,000 unemployed and ranks 72d in terms of income production. Failure to act has left the city with water supplies that are so inadequate that last fall Prefect Emanuele de Francesco, Mr. Dalla Chiesa's successor, ordered all private wells in the city taken over by the government.

problems - she has promised to look at housing and recreation areas, and a downtown area that has deter-

By day, the vucciria, a sprawling central market that closely resembles a North African souk, is bustling and alive as vendors jostle each other and buyers.

By night, the same area is deserted, with building after building abandoned to an assortment of stray cats and scampering mice. The results of years of city housing policies that encouraged profitable private

construction in ugly suburban areas rather than inner

city renovation, are easily visible. Thirty years ago, 125,000 people lived in Palermo's historic center, with 216 bectares the largest in Italy. Today, only 38,000 people live there, one-fourth in houses believed to be And yet, insisted the mayor - although she admitted that Sicily has been hurt by the absence of a bureaucratic tradition, an entrepreneurial spirit, also

in the public administration" - the problems of Palermo "are those of any large modern metropolis." Furthermore, she said: The Mafia is not a problem imited to Palermo. It may have been born here, historically, but it has spread so that organized crime is as much a feature of life in northern cities like Milan as it is here."

The new mayor, who is unmarried and lives with her 82-year-old mother in an elegant downtown high-rise, is offended by the notion that all Sicilians are mafius, and she said that most palermitani are decent, law-

Others, however, said that the Mafia had gone unchecked for so long that it now lives in symbiosis with the city. "The Malia touches the lives of everyone; you shake hands with someone, even someone you would never suspect, and you just never know," said Father Vincenzo Noto, a priest who works closely with the city's outspoken anti-Mafia archbishop, Cardinal Salvatore Pappalardo.

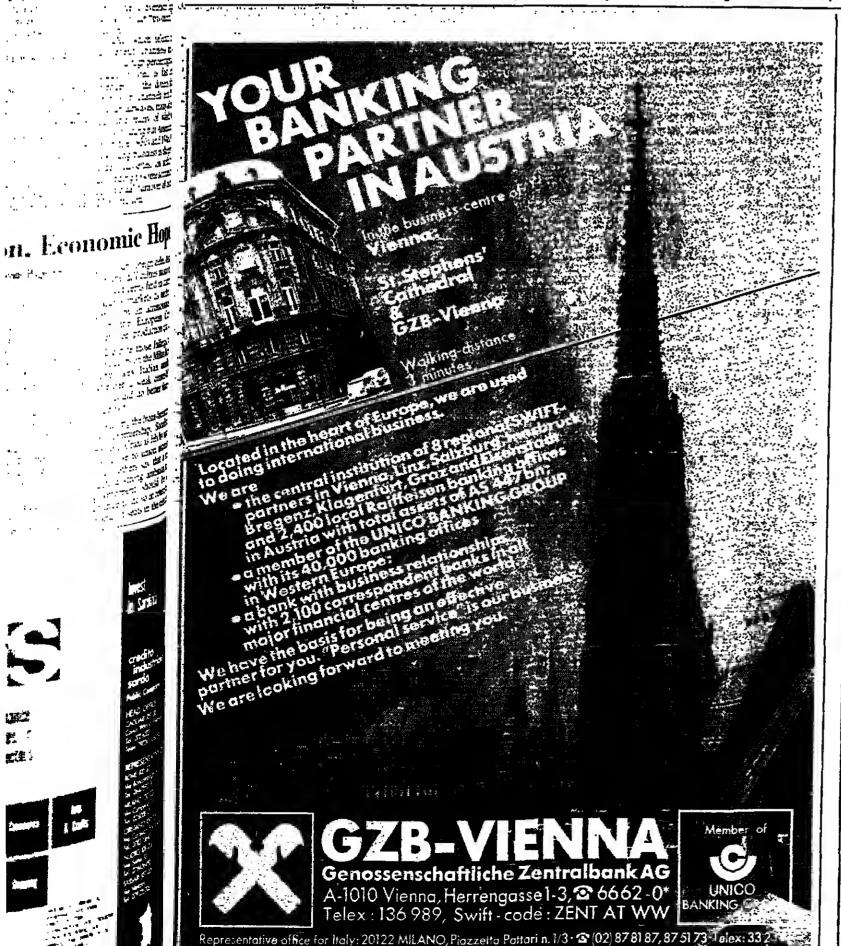
"The fact is that the Mafia is so deeply involved in Palermo that it has become a major support of the local economy," said a veteran Palermo newsman. He said that the degree of social control exercised by the Mafia can be seen by a comparison with Naples.

They are both economically disadvantaged cities, but whereas Naples periodically explodes, Palermo never

Interestingly enough, with Sicily's reputation for machismo, oo one seems to have objected to Dr. Pucci on the ground that she is a woman. The mayor herself said her experience both in local politics and medicine - she is chief pediatrician at the city's childrens' hospital — had shown her that gender is not a problem.

"Here, as elsewhere in Italy, most people are very concrete and are quick to recognize it when a woman is good at her job," she said. "Some of the images of both men and women in Sicily have become outdated."

- SARI GILBERT



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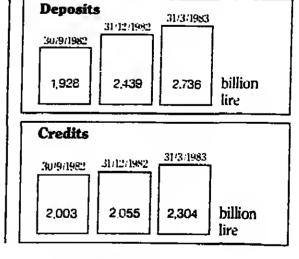
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Lebanon Mission Is Restoring Pride To Italian Military

ROME - The first major exercise in more than three decades by the talian military, the ongoing and successful operation by the 2,000-man force in Lebanon, has brought satisfaction to Italian policy-makers long eager for a greater role in the Mediterranean and a new sense of pride to the generally low-profile and oft-berated armed forces.

In recent years, the armed forces have suffered both indirectly and directly from widespread anti-militarism left by the exploits of the Mussolini era. This has meant one of the lowest defense budgets in the West and attacks from Italian political groups, who have generally been

quick to criticize the military and accuse it of poor performance.

But for once, public and political opinion rallied around the armed forces, rather, as has often happened in the past, than raking them over the coals. This was taken by many as a clear sign that the Defense Ministry's attempts to create a new image for the Italian military has been paying off. At present, in fact, the Italian military presence in Lebanon is supported by all the country's political forces, with the exception of the radicals and some small far left groups.

After a three-week mission last summer designed to facilitate the exodus from Beirut of the Palestinian guerillas, the Italians returned to the area with a larger force on September 25 and — together with the French, the Americans and more recently a small British force - have

Last March, seven Italian marines, called maro, were injured, one fatally, when unidentified terrorists ambushed a patrol on a road running from the Beirut airport to the Burj al-Burajneh Palestinian camp. The death of a 20-year-old seaman, Filippo Montesi, brought home to many Italians for the first time the fact that the 1,998 Italian soldiers, marines and parachutists under the command of 49-year-old General Francesco Angioni were operating in a dangerous war zone.

Even the Lebanese mission got started under a cloud. The Governolo battalion's departure from Italy coincided with a terrorist attack on a military unit that gave rise to sharp criticism about the army's preparedness. And to make things worse, one of the two ships taking the Bersaglieri foot soldiers to Lebanon had a motor breakdown

But the operations of ITALCON, the Italian contingent of the multinational force in Lebanon, seem to have made a substantial change. Although an Italian belicopter squadron has been part of the UNIFIL force at Naqoura in southern Lebanon since July 1979 and three Italian minesweepers are operating with the multinational force and observers in the Sinai that was set up in April of last year, the current Lebanon operation has put the Italian contingent back on the international

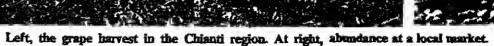
The Italians - with no superpower or ex-colonial image to overcon - seem to have been given the most sensitive role. While the French patrol the old city and the U.S. Marines guard the airport, the ftalians' prime responsibility after last September's massacre is the central sector, which includes the Shatila and Burj al-Barajneh camps where 25,000

And although Italian Defense Ministry sources continue to say that there are no plans to enlarge the Italian contingent's present role, there has been insistent press speculation that withdrawing Israeli forces from the Shouf Mountains may eventually be replaced by Italian troops from the multinational peace force.

The first troops to go to Lebanon last summer were the Bersaglieri, with their traditional running step and black-feathered helmets. The 2,000-troop Italian contingent currently consists of infantry troops from the Montelungo battation in Bergamo, parachutists from Leghorn's Folgore battation, marines from the San Marco battation and several hundred logistics troops.

Although in the early stages the troops sent to Lebanon were volunteers, today the bulk of the force is made up of regularly assigned draftees, sent with their companies for four-mouth tours and motivated by special salaries, which as of July 1 have risen to 3 million live—about \$2,000—a month.





Stagnant Agricultural Sector Remains a Source of Potential Wealth

ROME - When Italy became part of the European Rome. "But it is largely untrained and lacks numity in 1957, Italian agriculture was considered the Cinderella of the European farming world. Vast progress has been made since then, but agriculture is still a weak feature of Italy's economy - and yet, potentially one of the richest.

The reasons for the present stagnant situation of Italian agriculture are both economic and traditional. While the industrial boom of the 1950s drained much of the potential farm labor force away from the land to the cities, the traditional farming system remains what it was generations ago.

An agricultural census carried out last year showed that productive farm land in Italy had fallen by 6.2 percent, or 4.25 million acres (1.7 million hectares), to a total of 58. I million acres since 197 I, and the average farm now has a cultivated area of about 18 acres, far less than the average EC farm. Most of Italy's 3.28 million farms are worked by coltivatori diretti or small land-owning farmers who by law provide one-third of their own labor from their families.

Only about 232,000 acres of Italian land is owned and run by large financial groups, banks and insur-ance companies that need to put their profits into land or building investments. Most of these are in the relatively fertile northern areas of the Po valley, Tuscany, Lombardy, Piedmont and a few in the southern

The census also showed a decrease in the farm labor force, which has lost about 150,000 workers over the last 11 years. Agricultural labor is estimated at about 14 percent of Italy's work force, "We are still one of the leading agricultural work forces in Europe," said Rinaldo Chidichimo, director general of the Italian -SARI GILBERT Confederation of Agriculture, Confederation in lack of rain and could dry up totally.

A spokesman for the leftist farmer's union Confcoltivatori said that Italy needed more EC farming subsidies since the main agricultural problem is lack of capital. "If a young person wants to go into farming today," said Alfredo Bernardini, "he can do little without good substantial investment behind him." And, in fact, Italy's 18 agriculture university departments seem to have the lowest calling of any university department, dropping from a total of 8,447 students in 1976 to 6,789 in 1982.

Would-be investments are not encouraged by a 16percent average inflation rate, which, despite the advantageous "green dollar" used in evaluating agricultural exports and import subsidies, means that Italian farm product prices are usually higher than other EC countries whose inflation rates are lower.

It proves cheaper to import many basics like milk products and meat (meat imports rose by 32 percent in 1982), which Italy could produce itself given a more advantageous pricing policy, lower inflation and invested capital.

Not the least of Italy's agricultural problems, how-ever, is the weather. Most southern regions, which largely depend on agriculture for their income, have been struck by a severe lack of rain over the last three years. The southeastern region of Puglia, the heel of Italy, has had 10 to 12 inches of rain so far this year,

with disastrous results. An estimated 70 percent of the grain crop in the Foggia province plains, known as one of the bread baskets of Italy, has been lost. Although Puglia is irrigated by artesian wells, sunk in some cases up to

"Part of these troubles are of our own making," said production was still 9 percent lower than the previous Massimo Aliprandi of the Christian Democrat Farmer's Union, (Confederazione dei Coltivatori Diretti), which has almost 2 million members. "We should have more efficient irrigation systems, in the drought areas, for instance. A recent study shows that last year only 40 percent of Sicily's annual rainfall was utilized. the rest went to waste.

Among southern Italy's greatest sources of income are the traditional Mediterranean crops of tomatoes, olives and citrus fruits. Apart from lack of water this year, these crops are severely hampered by the small farming principle, except in the cases of large coopera-tives in Puglia, the Naples region of Campania and a few large privately owned fruit-growing properties in

"The division of southern fruit growing areas into small properties means that the final quality of the product is uneven," said Mr. Chidichimo of the confe-deration of agriculture. "We should either standardize our products after doing market research on the type of citrus fruit we can best produce to suit dem e should expand secondary fruit markets like fruit juice and preserves." At present, large masses of second-grade fruit are destroyed every year.

Fruit farmers also see a threat from Spain's entry into the Common Market, and a flood of Spanish oranges, apricots and clives on the European (including Italian) market at lower prices and for longer periods given the early ripening and lower costs of the Spanish products. Italy's total production of 16,000 pounds of non-citrus fruit, 6,200 pounds of oranges and 4,800 pounds of apples last year contributed to a total Italian fruit export to the value of 1.107 million largest fruit orchard after the United States, although

"We are continuously being told we should invest. more and improve our crops," said a Confagricolora: spokesman, "but we run the risk of working for the fruit garbage dumps." Transport is another problem:-

for the Italian fruit industry.
"We are still backward in this sector," Mr. Chidichimo said. "To compete with both Common Market." and non-Common Market fruit growers we need swifter and more capacious facilities such as more refrigerated railway carriages and road trucks."

One successful Italian product is wine, although," figures for this year's wine exports between January. and March show a drop of 48 percent over the same period last year. But Italian wine has advanced in quality as well as quantity, and while agricultural. experts say there is still room for improvement and expansion, Italy, has now overtaken France as the." world's largest wine exporter.

There is concentration on quality wines rather than quantity for although wine consumption in Italy has' decreased over the last two years by 15 liters per-capita, and vineyard cultivation cut back by 18 per-cent over the last 11 years, total wine production has increased - and improved.

Vineyards can also be cultivated on hill country which makes up most of Italy's agricultural land (46.5 percent) but further incentive is needed for productive hill farming. A recent convention was held by the Confagnicultura to promote development of hill farms. We are pushing to promote livestock farming that would be most suited to our type of hilly terrain. which is difficult and expensive to cultivate for crops,"

- JANET STOBART

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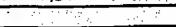
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BUSINESS/FINANCE



EUROBONDS

By CARL GEWIRTZ

BIS Warning on Brazil Repayment Sends a Shiver Through Markets

D ARIS — Financial markets were mesmerized last week by the high-stakes poker games being played in Basel and Washington. In Basel, the Bank for International Settlements, which has repeatedly made it clear that no major country debtor or commercial bank lender would be allowed to go bust and bring down the international financial system, suddenly warned that it would not roll over for a third time a \$400-million loan to Brazil.

The BIS bluff worked and by week's end, with President João Baptista Figureiredo of Brazzi beginning an up to two-month recuperation from open-heart surgery performed in Cleveland Friday, Brazzi and the Inter-

Furobond Yields
For Week Ended July 13
Int'l Inst. Is term U.S.s.
Ind. long term, U.S.s.
Ind. medium term, U.S.s.
Con.s medium term
French Fr. medium term
Int'l Inst. Is term yen
ECU medium term

Market Turnover

For Week Ended July 15 (Millers of U.S. Deligrs)

Cedel 7,639.60 6,693.20 746.4 Eurocleor 8,981.0 8,428.0 558.0

national Monetary Fund were say-ing that they had broken their long eadlocked talks on the austerity measures that Brazil would impose to fulfill eadier pledges made to the IMF. Noncompliance with those eadier targets had caused the IMF to block any further loans to Brazil, making it impossible for Brazil to repay the BIS on sched-

With the formal signing of the agreement expected this week, the loss, while not formally rolled over, was being extended. Whereas

previous extensions were for a fixed period, there is no time limit

on the latest renewal, although ob-brocleor 2,91.0 8,02.0 552.0 5

The aim of the BIS was to prevent Mr. Figueiredo's scheduled surgery and long convalescence from being used as an excuse to further delay an this star's accord with the IMF. At the same time, however, the BIS warning sent a star rise in the Sold Comes shiver of fear through financial markets — expressed as a sharp rise in the fear walne of the dollar and the price of gold.

Dollar Gets Another Boost

Dollar Gets Another Boost

The dollar, buoyed by a rightening in U.S. interest rates, got a further where the boost from news reports from Washington that a rise in the Federal because Reserve's discount rate, currently 8½ percent, was imminent.

This news leak also appeared to be a bluff. The Fed chairman, Paul A.

Volcker, testisying at his reconfirmation hearings last week, told senators to expect nothing dramatic from the June meeting of the policy-making Federal Open Market Committee meeting. He did allow, however, that

the Federal Open Market Committee meeting. He did allow, however, may the Fed was being less accommodating to the increases in money-supply growth than it had been.

This left observers wondering whether the leaks about the discount rate the same at placating congressional critics of Fed policy — only between aimed at placating congressional critics of Fed policy — only the money-market rates are rising, not the discount rate — or whether they One theory going the rounds was that the Fed would hold the discount rate steady as short-term rates move up and thereby encourage account.

.. Land a le cial banks to make greater use of the cheaper discount facility. According to this theory, after several weeks of very large discount borrowings by banks, the Fed will then say it was forced to hike the rate to temper the pace of loan dem

In the expectation that the robust U.S. economic recovery and sharply increasing measures of money supply will force the Fed to tighten further, and the dollar soared on the foreign-exchange markets. It broke through the source psychological barrier of 2.58 Deutsche marks to touch 2.60 DM last week as short-term dollar interest continued to firm, with overnight dollar - JANUA interest touching 91/2 percent.

Bereft of Investors

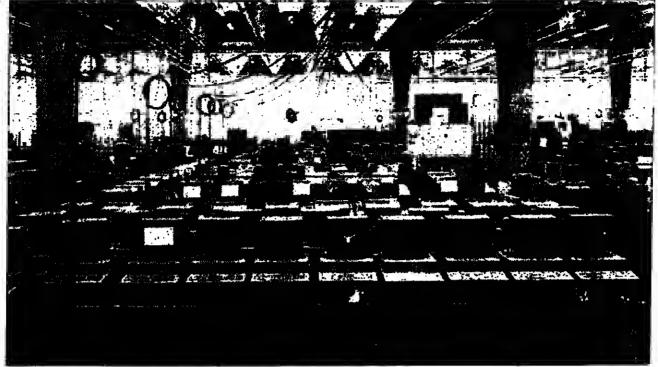
Against this background, the Eurobond market was bereft of investors. In the dollar sector, the only new issue was a \$100-million swap by Mitsui Finance, Its seven-year bonds were priced at pur bearing a coupon

1% to 2 percentage points. Critics observed that the coupon offered was not wildly out of line with prevailing yields, but that there were simply no buyers of dollar paper at

present.

The swap, it was learned, will provide Mitsui with seven-year money at one-sixteenth of a point below the London interbank offered rate — the base lending charge for the majority of syndicated bank loans. What could not be learned is why Mitsui would insist on marketing paper that risks leaving a bad taste with the market for such a slim gain in its floating-rate cost of funds.

In the DM sector, where the month-long calendar dictates timing, three new issues were marketed last week but none with any great success, (Continued on Page 15, Col. 3)



M-20 personal computers being tested at Olivetti's factory in Scarmagno, near company beadquarters at Ivrea.

Olivetti Plans U.S., European Expansion

By Axel Krause

IVREA, Italy — Before going off on vacation this month, top executives of Olivetti, Western Europe's largest maker of electronic office equipment, have been putting finishing touches on major expansion moves planned for the United States and Western Europe, notably in

The moves in the United States, the most ambitious in the Italian company's history, include starting a \$100-million offshore-capital-ven-ture fund in New York in September.

Olivetti also plans to list its stock on the New York Stock Exchan probably by next June, and during the past several weeks it has been studying proposals for the listing made by leading U.S. investment banks, including Lehman Brothers Knhn Loeb and Morgan Stanley.

"It looks as if we are going to have a very exciting and busy autumn," said Elserino Piol, director of corporate strategy, who will help manage the venture fund — the latest in a series of moves by Olivetti to tap U.S. technological, financial and managerial resources,

Meanwhile, Carlo de Benedetti, vice chairman and chief executive officer, is waiting for a response from the French government on Mr. de Benedetti's demand that France reduce its 32-percent shareholding in Olivetti to 10 percent as a condition for new expansion in France by

The stake, the largest in Olivetti, was acquired by the French Socialist government last year when it nationalized the Saint Gobain industrial group, which had wanted to merge its electronics business with Olivetti's. Saint Gobain had bought the 32 percent interest in Olivetti three years ago. Mr. de Benedetti has offered to buy back the shares.

Olivetti and CIT-Alcatel, a subsidiary of another nationalized French mpany, Compagnie Générale d'Electricité, recently initialed an agreement to jointly develop and produce at least 100,000 new-generation electronic typewriters a year at a plant in France, but Olivetti says it will

not proceed with the deal until the shareholding issue is resolved.

This venture with CIT-Alcatel, suggested by the French, could be very significant for us and for France, one of our largest markets," Mr. de Benedetti suid in a recent interview at Olivetti's headquarters in Ivrea, in the Piedmont. "They now have all the elements and we have laid out all our arguments, including that our original agreement with Saint Gobain ated cooperation. It is up to them to decide."

In Paris, a high-ranking government official involved in drafting a final commendation said the Olivetti proposals involved financial considerations - including the purchase of the shares and the building of the new plant — that he described as 'very, very complex." But he strongly binted that an agreement could be completed by the end of this month.

A senior CIT-Alcatel executive said that, during their negotiations, the two companies had hit upon other possible projects for future cooperation in development of information technology, including telecommuni-Olivetti's moves on both sides of the Atlantic reflect a broad strategy

Olivett's moves on both sides of the Anamic reject a most strategy by Mr. de Benedetti to strengthen the company's position in Western Europe and to meet the growing, intense competiton from International Business Machines of the United States, West Germany's Nixdorf, Philips of the Netherlands, Sweden's Ericsson and the large Japanese companies that are rapidly expanding in the field. The work of the

Japanese companies, including Hitachi, is being coordinated by Ministry of International Trade and Industry.

By 1990, the value of the office-automation market in industrialized countries is expected to more than double, to about \$100 billion, according to the European Community Commission. This would make it the largest single market for information technology in the West — three times larger than the market for automation of plants and manufacturing

"This is not simply mechanizing white-collar jobs, like typing, but far-reaching antomation of major sectors of the Western economies, such as banking and all the services that go with it," an EC official in Brussels said. He added that community planners were impressed that Olivetti, unlike some of its European competitors, generated about a third of its sales outside Europe, notably in North and Latin America.

"In office antomation, we already are No. 1 in Europe profitable — but our goal is to become a global competitor in this business," said Mr. de Benedetti, who, after the French, is the largest single shareholder in Olivetti, with a 17-percent interest that he acquired when he joined the company in 1978.

Observers generally agree that, since taking over, Mr. de Benedetti has organized one of the most impressive turnarounds in recent European business history: Consoldiated sales roughly doubled in the past five years, reaching a record 3.3 trillion lire (\$2.2 billion) last year, and with 25 percent few workers than there were five years ago, Mostly, the volume came from selling machinery and equipment for data-processing, office-automation and other office products, such as manual portable typerwriters, furniture and copiers.

Although the company had heavy losses in Mexico last year, net consolidated income rose slightly to 102.8 billion hre, representing about 3 percent of sales. Mr.de Benedetti says he intends to boost that proportion to 5 percent of sales by the end of next year, while continuing to spend heavily on research and development of new products and processes, including those that will be compatible with the new fifth-generation computers that are expected to be on the market in the late 1980s.

"De Benedetti has done a spectacular job since taking over, and clearly Olivetti is perceived over here as a major power in its field in Europe, said a senior New York-based executive of Lehman Brothers Kuhn Loeb He quickly added, however, echoing the views of others in the U.S. stment community, "He may have done well in Europe, but it is not exactly the same as doing well here, although be has certainly gotten off to an impressive start."

Mr. de Bendetti has never hidden his fascination with and affection for the United States, which he visits frequently, sometimes accompanied by his wife (who lives in Switzerland as protection against possible terrorist attacks). "A European solution without an American link is no solution," he said, "but for this to succeed, you need to be

strong in Europe first." His forging of that link began about two years ago, when Olivetti started buying substantial interests in 21 U.S high-technology companies, mostly in data processing. The investments were increased by \$14.5 million last year and now total about \$120 million. "We needed a window in the U.S. which would not prove too expensive, while also giving us access to marketing experience and research and development in fields that interested us - we are not in Silicon Valley here," said Mr. Piol, the (Continued on Page 17, Col. 5)

Chrysler Considers **Making Small Car** With VW in U.S.

DETROIT - Chrysler Corp.'s hairman, Lee A. lacocca, said that talks between his company and West German automaker Volskwagenwerk may result in joint profuction of a small car in the United Mr. lacocca said that be had met

two or three times with the VW chairman, Carl Hahn, recently for preliminary discussions on how to work together in the U.S. small-car market. Chrysler is planning to replace

its Dodge Omni and Plymouth Ho-rizon with a vehicle it calls the Pcar by 1986, while VW plans to introduce a redesigned Rabbit in the 1985 model year Mr. lacocca also said he wants to

"explore every possibility" with VW, perhaps using VW's plant in Westmoreland, Pennsylvania, for some type of small-car venture.

an article in Friday's editions. Mr. lacocca's comments were made in a Washington interview Wednesday.

VW has been "a good partner in kyo the past," Mr. lacocca said, adding that he would like to see ties strengthened between the companies. VW supplied engines for the Omni and Horizon when they were



Lee A. Iscocca

first introduced in 1977 and through the 1983 model year. Mitsubishi Undecided

"That might be something we would explore," Mr. facocca told the Detroit Free Press, according to duce curs in the United States in cooperation with Chrysler, which has a 15 percent interest in Mitsubishi, Reuters reported from To-

> It denied a report in the econor ic daily Nihon Keizai Shimbun that it had agreed in principle on joint production and said it is still studying ways for cooperation.

OPEC Expected to Freeze Output and Price at Meeting

ompiled by Our Staff From Dispatches HELSINKI — OPEC ministers are likely to freeze prices and ontput at their present levels, Oil Min-ister Dr. Subroto of Indonesia said Sunday. Ministers of the Organization of Petroleum Exporting Countries are holding their regular semiannual meeting here this week, starting Monday.

Asked whether be anticipated any change in the OPEC accord that the 13 member states reached in March, Dr. Subroto said: "The feeling is no —we keep prices and production where they are." The March accord set an OPEC benchmark price of \$29 a barrel.

Meanwhile, Petroleum Intellince Weekly reported in its Monday issue that OPEC nations have increased oil production almost to the cartel's 17.5-million-barrel-a-

The oil industry newsletter said that OPEC crude-oil production has been well above 17 million barrels a day so far in July.

The production eciling was instituted last March to stabilize prices, with Saudi Arabia agreeing to serve as the "swing" producer, raising or lowering output to keep the market mad Hassan Kheradmand, to take

Many OPEC members are now nearing their alloted production away some buyers.

OPEC's output rose 1.6 million barrels a day in May to an average 16.8 million for the month, and was about 17 million barrels a day in Jone, the weekly estimated.

Despite the general air of opti-mism among delegates at Helsinki, Dr. Subroto acknowledged that two issues could cause problems at the two-day ministerial session the question of Nigerian overproduction and the choice of a new secretary-general for the organiz-

In recent months Nigeria's output has outstripped the 1.35 million barrels a day assigned to it under the London accord, raising the prospect that other members could press for a Nigerian price rise to dampen demand for its high-quality crude,

The Indonesian minister told reporters the choice of a new secretary-general to take over from Marc Nguema of Gabon could also cause problems.

Iran has nominated the head of its national oil company, Mohamover the post under a rotation system. But Iraq, at war with Iran for almost three years, has put foward ceilings, the newsletter said, and rival candidate Ramzi Salman.

Credit Markets Respond Well to Rise in U.S. Money Supply

By Robert A. Bennett New York Times Service

NEW YORK - U.S. credit markets have responded well to the most recent indication of a rapidly

ing money supply. M-1, the narrowest measure of the money supply, rose \$5.8 billion in the week ended July 6, according

U.S. CREDIT MARKETS

to the Federal Reserve Board. The range expected by the financial

The Fed also reported Friday that two broader measures of the money supply rose only moderately

during June.

Despite confirmation that the Fed had tightened monetary policy a notch in May and then again in June, the credit markets responded well to Friday's reports. The stock market, however, fell in anticipa-tion of the Fed report. The Dow Jones industrial average slid 12.02 points as investors appeared concerned that interest rates would

recouping most of the steep losses set earlier in the day. The 10% per-cent bonds due in 2012, which had For Week Ended July 15. fallen % point to an offered price of 90% early in the afternoon, began rising before the Fed's announce-

ment, and quickly rose another 4 point in late trading. By the close, the beliwether Treasury bond was offered at 914, down only % point on the day, to yield 11.41 percent. Among short-term securities, in-terest rates were little changed after

bond prices was largely technical, and caused by the buying of specu-lators who recently were heavy sell-Prices rose after the Fed an-

nomcement despite a growing sense that the Fed may continue to tighten monetary policy in small steps and drive up interest rates, analysts said.

Charles Lieberman, a senior economist at Morgan Stanley, said there was evidence in the markets In the credit markets, prices of Friday that the Fed had already Treasury notes and bonds ended by tightened a bit further. He said the

first reflected in the federal funds

savings institutions.

week average growth rate had been 31.2 percent on June I, but that it had dropped to 7.7 percent by the June 29 week, and to only 2.5 percent in the July 6 week. "I expect it to stay below 3 percent," he said. A broader measure of the money

annual targets.
M-3, a still broader measure of of M-2 plus large time deposits, longer-term borrowings from corporations and corporate balances in money-market mutual funds.

The Fed's range for annual growth in M-2 is 7-10 percent. The June figure was \$5.3 billion below the upper limit, although its annual rate of growth during the month was 13.4 percent, higher than the samual targets.

The Federal Open Market Committee, the monetary policy-making arm of the Federal Reserve, decided by a narrow margin at its meeting of late May and again in a special telephone conference in lime to righten meetings and the properties. special telephone conference in June to tighten monetary policy M-3, a still broader measure of slightly, the Fed said Friday. The the money supply, rose \$21.4 bil-slight tightening moves have result-lion, to \$2,498.9 billion. It consists ed in higher interest rates since May, a trend that many analysts expect to continue.

Because conditions in the econoin money-market mutual funds.

The annual growth range for M3 is 6½ percent to 9½ percent. Dur
my and the pattern of money-supply growth have not changed much
since late May, many analysts have concluded that the committee probably decided to tighten mone-tary policy slightly by another notch at its meeting of July 12 and

U.S. \$ 100,000,000

A/S Eksportfinans (Forretningsbankenes Financierings- og Eksportkredittinstibiti) (the Borrower') isaued on the terms of an agreement deset January 21, 1983, 978 % U.S. Dollar Bearer Bonds of 1983/1990 in the principal amount of U.S.\$ 100 mallion (the "Bonds"). The Enal installment of the purchase price of the Bonds, being 90 % of the principal amount of the Bonds, is due and psyable on August 1, 1983 Notice is hereby given that:

The perment of seld finel instalment is due and payable not later than on August 1, 1983 in U.S. dollars in same day funds;

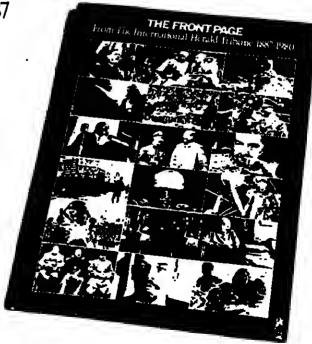
The Borrower may at any time after August 15, 1883 elect (without grang published notice) to forfeit all or any of the partly paid Bonds and all rights arising therefrom, to the extent that the said final instalmant in respect of such Bonds together with interest as storesaid has not been only paid, whereupon the Borrower shall be shilled to retain the first instalment on such Bonds and shall be discharged from any obligation to repay such instalment, or to pay interest thereon for any period.

By: A/S Eksportfinans (Forretningsbankenes Finanslerings-

Dated: July 18, 1983

THE FRONT PAGE

From The International Herald Tribune



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CURRENCY RATES

Interbank exchange rates for July 15, , excluding bank service charges \$ "6 D.M. F.F. D.L. Gldr. B.F. S.F. D.K.
25055 443 117,45" 37,175" 0,180" — 5592" 7540" 21,16"
\$2,965 78,365 38,8 4,6575 1,364" 77,91 — 24,45 5,925
2,796 1,306 — 21,25" 1,60 M.O" 4,979 122,16" 27,98"
1,5163 — 3906 11,863 2,308,0 4,663 78,8 12,24 14,136
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1,5163 3,456 8,26 M.M.S. 26,46 4,819 8,071 9,127
7,8115 11,865 26,46" — 5064 26,170 1,00 347,98 8,151 °
2,1277 2,224 81,76 7,2058 8,136 7,295 8,4871 — 22,815 °
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Dollar Values | Currency | U.S.S | Equity | U.S.S | Currency | U.S.S | Equity | U.S.S |

(a) Commercial frenc (b) Amounts needed to buy one round (*) Units of 100 (x) Units at 1,000 MQL: not quoted; M.A.: not gyallable.

"M-1 growth has stabilized," Morgan Guaranty Trust, said. But billion above the top of the targeted growth range of 4-8 percent.

Mr. Israfil said that M-1's four-

supply, M-2, rose by \$18.1 billion during June, to \$2,115.2 billion. M-2 includes savings account balances in banks and savings institu-

6-Month Sovings Certificates... 9.51 %

terest rates were little changed arter the money supply announcement.
Six-month Treasury bills, for example, were bid at 9.34 percent late in the day, unchanged from early among themselves — rose slightly, to a range of 9% percent to 9% percent. from an average of about

percent, from an average of about 9¼ percent last week. Actions tak-en by the central bank usually are There also seemed to be a grow

ing sense in the markets that the Federal Reserve had got a handle on the growth of M-1, the basic money supply, despite its \$5.8-bil-lion rise to \$512 billion. The increase was due largely to early payment of Social Security checks that were on deposit over the long July 4 weekend. M-1 consists of funds that are readily available for spending — currency in circulation and check-like deposits in banks and

Cengiz Israfil, vice president of because of rapid growth earlier in the year, M-1 remained about \$16.6

tions, balances held by individuals in money-market mutual funds and overnight borrowings by banks

from corporations and from banks

ing June, it grew at an annual rate of 9.8 percent and ended the month \$1.2 billion above the top of the target, considered an insignificant deviation. Notice

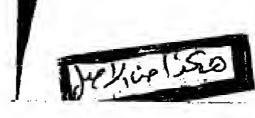
A/S Eksportfinans (Forretningsbankenes Finansierings og Eksportkredittinstitutt) Oslo, Kingdom of Norway

9%% U.S. Dollar Bearer Bonds of 1983/1990

2. The Borrower reserves the right to accept payment of the said linel instalment in respect of any Bond at any time eiter August 1, 1983, subject to payment of interest on such final Instalment at the rate of 12% per annum, calculated from (and including) August 1, 1983 to (but excluding) the date of payment thereof, on the basis of the actual number of days elapsed divided by 360. Any payments of the said final instalment accepted effer the due date shall be treated as having been made on the day of the day.

Arrangements should be made, through depository banks, if necessary, with the Euroclear Operations Centre, 35, Avenue des Arts, Brussets, or CEDEL S.A., \$7,

og Eksportkredittinstitutt)



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BUSINESS BRIEFS

Saudi Companies Reportedly Need Loans for \$2 Billion in Next 2 Years

LONDON (UPI) — Heavy industries and refining companies in Saudi Arabia will seek at least \$2 billion in long-term loans from Arab financial Arabia will seek at least 32 billion in long-term loans from Arab financial sources during the next two years because of shrinking oil revenues, according to the London-based magazine Arab Banking and France.

"There are now signs unlimited government support is no longer available and the capital markets will have to play a role in all aspects of future development," the magazine reported Friday in its July issue.

It said that, while there was no evidence that "the stump in Saudi oil revenues in the first half of 1983 has significantly affected banks' assessment of the projects' conditions there are supported banks' assessment of the projects' creditworthiness," Saudi institutions were trying to raise most of the funds in the Arab, preferably Saudi, financial is, markets instead of going abroad.

TWA Reports \$16.2-Million Deficit

NEW YORK (NYT) - Trans World Airlines has reported a loss of \$16.2 million for the second quarter, after making a profit of \$25.6 million

in the 1982 second quarter.

The decline was much smaller than TWA's \$92.7-million loss for the first quarter this year. The airline's business is highly seasonal, and TWA usually has better results in the second and third quarters, when its

Revenues fell to \$869.1 million from \$878.2 million a year earlier, the company said Friday. Earlier last week, Eastern Airlines reported a loss of \$33.7 million for the quarter, about half the size of its first-quarter loss.

TWA's parent company, Trans World Corp, which has traded separately on the New York Stock Exchange since the first quarter, is expected to report its second-quarter results this week.

Stock Sale Increases Comsat Profits

WASHINGTON (Combined Dispatches) — Communications Satellies, 121 CURRENT percent on a 10-percent increase in revenues from last year, largely because of the sale of stock that it had hald as a communication of the sale of Printed having because of the sale of stock that it had held as an investment.

Comsat said Friday that its earnings rose to \$16.1 million for the quarter that ended June 30, from \$10.8 million in the 1982 quarter.

Revenues climbed from \$99.9 million to \$109.9 million. Per-share earnings rose to 89 cents on about 18 million shares from 67 cents on 16 million.

The company sold stock that it had held in Ungarmann-Bass Inc., for after-tax income of about \$4.8 million, Comsat said. Otherwise the profit increase would have been 4.6 percent. Comsat reported continuing losses softom Satellite Business Systems, its venture with Aetna Life and Casnalty as Co. and International Business Machines Corp., which have amended their partnership agreement to increase financing of SBS to \$771 million from \$591 million.

Teamsters Discuss New Concessions

WASHINGTON (UPI) — The Teamsters union has acknowledged in that it is considering new contract concessions with the U.S. trucking industry to help win back jobs for unemployed truckers. The move came under immediate attack from a dissident union group.

A Teamsters spokesman said Friday that no concrete proposal had been developed. He was responding to reports that the union and industry were about to prach an agreement that appears that the union and

industry were about to reach an agreement that would amend a contract signed in March 1982. New concessions would be the second set in two years for the the World Bank's 100-million Enr-

Teamsters for a Democratic Union, charged that the talks meant "a field day for the employers to manipulate the contract."

Reynolds Metal Has \$69-Million Loss quoted at a discount of 1% points. International Herald Tribune

RICHMOND, Virginia (Renters) - Reynolds Metals Co. has reported a \$69.1-million loss in the second quarter after profits of \$25.5 million in the 1982 quarter.

Netherlands Announces The company said Friday that it had charged \$52.7 million to its New Cuts in Spending
The Associated Press Tall the charge, the second-quarter loss was significantly less than the decline of \$52.4 million that Reynolds had reported for the first quarter. ter Rund Lubbers has announced

Electricity Rise Worries Grumman

NEW YORK (NYT) — Grumman Corp., the largest employer on to help trim the Netherlands' re-Long Island, has postponed some expansion plans because of its concern cord public-spending deficit.

The cuts, to be submitted for

PARIS — With bankers trying desperately to complete the reschedulings of 1982-83 debt arrearages before work begins later this year on renegotiating the debt due in 1984, there is little in the way of

Options

creases of 50 percent.

Grumman has said it might transfer some employees to other plants if ber, would reduce by equal the state approved a substantial portion of the utility's request, which would pay for an almost-completed nuclear-power plant.

new business coming to the syndi- point over the prime rate, will be

nics. The eight-year loan carries a its eight-year loan, plus a commit-floating rate of interest set at 0.1 ment fee of ½ percent.

Rescheduling Work Curbs Market

Terms on the companion \$160-

million financing, expected to be a

SYNDICATED LOANS

announced Monday.

NEW EUROBOND ISSUES

	Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
3-49	e de la facación	5100	1990	12%	100	12%	Naneoliable
	Tomoschi Securities	\$50 -	1998	*3	100	5	Convertible of a 4,656% premium.
* 1	Europ. Coal & Steel Com.	DM 160	1990	8	100	8	Noncallable.
11.	IADB	DM 750	1993	814	991/2	8.33	Noncollable.
1.1	Sumitomo Finance	DM 100	1991	8	100	8	Noncellable.
	Mode fork	2100	1988		99%	11.265	Semigrounity, Noncolobie.
7-7-	Norcen Energy Resources	cs 60	1993	12%	991/4	12.89	Noncollable.
	Xerox Canada	cs 40	1988	12	100	12	Noncaliable.
	Microson Not to the William	100 SQ	1995		.100	TH.	First codoble on 192 in 1989, Redeem ble at par in 1991.

BIS Warning U.S. Banking Deregulation: Some Pros and Cons protectionist between the United trade war be **Causes Fear**

Company Act of 1956, which limits

companies that own banks to activities judged by the Federal Reserve to be "closely related to banking."

Q. Why did Congress impose

stock-market crash and the ensuing failures of hundreds of banks.

Some banks, in an effort to bail out

ailing borrowers, became under-

writers of corporate stock of dubi-

ous value, thereby shifting the risk to their stockholders and deposi-

being considered?

A. Mr. Volcker has asked Con-

ss to enact legislation temporar-

The Office of the Comptroller of

Bank Board, which supervises sav-

Deposit Insurance Corp. have ar-

Q. Why do the Fed, the other

A. The Fed has tended to take a

tory and regulatory restraints, and

velcomes a faster pace of dereg-

ily halting all acquisitions of banks banks move into this area. But at

by nonbanks to create new national service brokers; they buy and sell

sanks. But the Federal Home Loan stocks at discount, but give no ad-

ings associations, and the Federal Workers in Guyana

good against a congressional mora- End Mining Strike

Q. What is the moratori

By Kenneth B. Noble

New York Times Service (Continued from Page 13) spite the increase in coupon The European Coal and Steel Community, for example, offered 160 million DM of seven-year bonds at par bearing a coupon of 8 percent, up from the 7% percent that had been contemplated a week earlier. The recent issue for Eurofima, as

yield of 7.83 percent.

paper at present.

nance, but bankers admitted that

there was just no demand for DM

week, with the rationale that as short-term Canadian dollar financ-

ing costs are considerably below

would be willing to sit on the paper.

For Xerox Canada, this did not matter much, as the name of the

issuer facilitates placement, But lit-

tle known Norcen Energy Re-

sources did not benefit from either

factor and its 12% percent, 10-year

bonds, priced at 994, were quoted at steep discount of 24 points— indicating that even the underwrit-

ers were not willing to sit with it.

osterling issue, the largest offering yet made in this sector. Offered at

991/2 and bearing a compon of 11

THE HAGUE - Prime Minis-

accelerated 1984 budget cuts of 11.8 billion guilders (\$4.06 billion)

and social security funding.

total % percent.

over every three months.

Another deal on which under-

coupons offered, underwriters

es denominated in Ca-

concerns that the speculative ex-cesses of the largest banking houses ing Congress to let all banks under-may have set the stage for the 1929 write municipal revenue bonds, In recent years, however, a kind other example, offered at 99% and bearing a coupon of 74 per-cent, ended last week at 98%, for a of de facto deregulation of banking has been under way as aggressiv managers have tried to expand into Also on offer are 150 million

DM for the InterAmerican Development Bank and Sumitorno Fi-Two issues denominated in Ca-adian dollars were marketed last

> ulation of all financial institutions. What follows is a discussion of existing restrictions and of whether

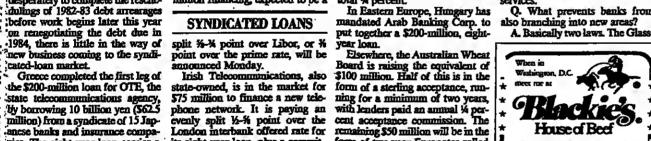
Q. What are the main issues be-

place, and in what form. Should there be a complete moratorium? Should unlegislated change be al-lowed to continue unfettered? Or sbould change be pushed even fast-

A. The changes in the financial system have been brewing for more than 20 years. They have accelerated of late because of the broader trend toward business deregulation that began in Washington in the 1970s. Although much of that de-regulation has been in other areas, some has also occurred in the fiancial sector, notably in the grad-

ple, offer their customers financial-

Q. What prevents banks from also branching into new areas? A. Basically two laws. The Glass-



Congress is now beginning to consider proposals for overhanling banking regulations, but there is disagreement over what is appropriate. Treasury Secretary Donald T. Regan was to testify Monday on behalf of an administration bill that would speed the pace of bank deregulation. But Paul A. Volcker, whitemers of the Eederal Recease. chairman of the Federal Reserve Board, wants a temporary freeze on all cross-industry acquisitions to give legislators more time to estab-lish policy. The administration, meanwhile, has appointed a task

cy divisions among government regulatory agencies. the Currency, which regulates fed-kers? erally chartered, or national, banks, has already, by administrative fiat. they can safely be modified. frozen action on new applications

A. The basic issue is how fast change should be allowed to take

federal banking regulators and the er, as the administration is seeking. administration differ on the mora-Q. Why have the barriers started

ual removal of all interest-rate ceilauthorized by Congress in

not subject to the same federal regulation as banks have made suc-cessful forays into new financial businesses. All of them, for examleading rate of Japanese banks, cy, is raising \$50 million for seven years. Interest will be set at one point over Libor. Front-end fees management accounts, which com-



OUR 37th YEAR

WASHINGTON - 1t was 50 years ago that Congress erected barriers between commercial banks and other types of financial institu-tions to protect the banks from the kind of excessive risk-taking that led to wholesale bank failures during the Depress

and thrift institutions by nonbank this point, be says, it is not politic companies. The proposal, however, cally practical. For one thing, there has created considerable apprehension on Wall Street and sharp poli-writers who fear additional compeforce, headed by Vice President George Bush to review federal reg-

more conservative approach to let-ting banks diversify. It contends that banks are "special" — that bankers work with other people's money, so that they must be more heavily regulated to insure the pru-dent use of depositors' funds. Mr. Regan, on the other hand, contends that a moratorium would only postpone the inevitable dismantling of the remaining statu-

nancial institutions like Shearson-American Express, Prudential-Bache and Sears, Roebuck, that are bine banking and brokerage

U.S. Steel-Import Curbs A Surprise, Says Bonn

FRANKFURT — Economics Minister Otto Lamsdorff said in an interview released Sunday that the new U.S. tariffs and quotas on specialty-steel imports were "disapcointing" for West Germany.

Mr. Lamsdorff told the Hamburg-based weekly Der Spiegel that the move by President Ronald Reagan "was a particularly disappointnent in light of the recent Wil- and quotas designed to revive dotamsburg summit." The mestic steel companies. Under the estrictions came as a surprise in Bonn, he added.

est U.S. banking organization, recently acquired Charles Schwab

& Co., the largest discount securi-ties broker. Other banks have made

similar moves by affiliating with an

Q. Why not let banks underwrite

A. Some analysis argue that

banks are not suitable as corporate

underwriters because their main

experience is in judging the cre-ditworthiness of borrowers. They

are not knowledgeable, critics say, in the intricate business of timing

and pricing deals, which securities

tinely do for their corporate clients.

Q. What is the mission of Mr. Bush's task force?

A. Many analysts doubt that the existing pastiche of seven different

federal financial regulatory agen-

cies can adequately monitor the evolving banking system. The task

force is examining ways to elimi-

nate the frequent jurisdictional dis-

putes, and is expected to issue its

report in early fall.

existing discount brokerage firm.

laws to engage in the insurance

proposal?

A. The administration's bill

would free banks to offer a full

and engage in real estate and insur-

ance brokerage. However, the banks would have to create sepa-

rate subsidiary corporations to en-gage in these lines of business. The bill would still prohibit banks from

underwriting corporate securities.

Q. Why isn't the administration

proposing that banks be allowed to underwrite corporate securities? A. Mr. Regan has indicated that,

in principle, he supports letting

Q. Aren't some bankers already

A. Yes. The Fed has approved

banks buying discount brokers on the ground that they are not full-

GEORGETOWN, Guyana --Workers in Guyana's bauxite in-

dustry have agreed to end a six-

week strike after management

pledged to restore a five-day work-

Kingdom of Sweden

U.S. \$150,000,000 Floating Rate

Notes Due January 1995

For the six months 14th July

1983 to 16th January 1984 the Note will carry an interest rate of 10 %? per annum with a Coupon Amount of U.S.\$13,885.42.

Bankers Trust Company,

Fiscal Agent

Mr. Lamsdorff termed the move States and the European Commu-Steagall Act of 1933, which bars of deregulation by Congress, are banks from underwriting corporate securities, and the Bank Holding Company Act of 1956, which limits

Of deregulation by Congress, are vice and make no markets. Bank Anity — at which the restrictions are merica Corp., for example, the largest countries, and the Bank Holding corporate securities, and the Bank Holding corporate securities are securities. avoided by bilateral agreements limiting European steel exports to

and quotas would mean an average

20-percent tariff increase on West

German high-grade-steel sales to

"I had not expected such a move

would be taken so soon after Williamsburg, and for such false rea-

announced a combination of tariffs

four-year program, tariffs will be placed on products that make up 55

percent of the U.S. specialty-stee!

sons," Mr. Lamsdorff said. Earlier this month, Mr. Reagan

the United States.

the United States At the Williamsburg summit of industrialized nations, leaders inchuding Mr. Reagan and Chancel-lor Helmut Kohl agreed to combat protectionist trends fueled by domestic unemployment problems.

SOCIÉTÉ GÉNÉRALE

US \$125,000,000 Floating Rate Notes due 1991 with warrants to purchase US \$125,000,000. For the six months, July 12, 1983 to

January 11, 1984 the notes will carry an interest rate of 10,75% per annum. The interest due January 12, 1984 against coupon number 2 will be US \$54,94 and has been computed on (184) divided by 360. The Principal Paying Agent

SOCIÉTÉ GÉNÉRALE ALSACIENNE DE BANQUE

U.S. \$175,000,000 National Westminster Finance B.V. (Incorporated in The Netherlands with limited liability)

Guaranteed Floating Rate Capital



In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 18 July, 1983 to 18 January, 1984 the Notes will carry an Interest Rate of 1013/16% per annum. The interest payable on the relevant interest payment date, 18 January, 1984 against Coupon No. 5 will be U.S. \$276.32.

By The Chase Manhattan Bank, N.A., London

SOLVAY in 1982:

Strict Management has paid off the Consolidated Net Result went up to BF 2,600,000,000 and the Net Dividend to BF 200

Reduction in expenses

Despite the continuing economic casis. the Solvay Group has managed to achieve a dramatic improvement in its results by concentrating its efforts on both the reduction of its purchases of all kinds and the increase of its market share in the various product areas. As a consequence. whilst tumover continued to increase. The growth of variable costs was considerably slowed down and this has been tha determining factor in the improvement of the Group's results. This slow-down in cost increases was achieved for the main part in the fields of energy and petrochemical raw materials. Solvay also made efforts to slow down the increase in its personnel costs, which it managed to reduce by 1.000 million Irancs compared with the previous year. previous year.

Encouraging results

Despite the persistently depressed economic climate, the consolidated turnover amounted to 178,000 million, the cash flow nearly 13,000 million and the net result

Technology improvements and development of the Group's position in the traditional chemical industries

Solvay's vanous laboratories and industrial plants have brought its production processes to new levels of efficiency, so enabling the group to better withstand competition. The group has a significant position in all the markets in which it is present, and this with more

ments and will contribute to the assurance of Solvay's tuture

Penetration in the field of speciality chemicals, pharmaceuticals and veterinary products

Apart from this, the policy of diversification which the Group has now been pursuing for several years has reduced its vulne-rability to economic swings in the main traditional industries. Its progression in the fields of pharmaceuticals and cosmetics is continuing The Group is also making every effort to maintain its technological lead in the animal health sector and is extending its scope of operations to a

added-value products. Furthermore, it was world-wide level. It is thus entering with added-value products Furnhermore, it was the Group's petrochemical activity which was mainly responsible for the recovery, even although this activity was carried out in areas being in deep recession. This welcome development was only possible to the extent that the traditional chemical sectors remained sure and solid. Ioming the basis of the Group's results. These executive remained sure and solid. Ioming the basis of the Group's results. These executive remained sure and solid. Ioming the basis of the Group's results. These executive remained sure and solid. Ioming the basis of the Group's results. These executive remained sure and solid. Ioming the progress in terms of its knowledge and know-how its means are sectors remained sure and solid. knowledge and know-how its means are adequate for the problems encountered

increased dividend

The return on Solvay shares for 1982 is 50 tranes higher than that of 1981 it amounts to BF/s 200 per fully paid-up share

in million of Belgian francs	1982	1981
Turnovei	177.794	157,420
Research costs	5 988	5.306
Personnel costs	47129	42 417
Capital expenditure	7.025	9.194
Group siconsolidated net rec	นส 2 593	- 752
Solvay & Cie's net result	2 200	1.195
Personnel employed impinis	145 369	48 237



The Solvay's Cle annual report is obtainable in Prenot: Dutch English and German vicinequest from the Secretarial General of Solvay's Cle. Rue du Prince Abert 33-8 - 1050 Brussels



All these securities having been sold, this announcement appears as a matter of record only.

Den norske Creditbank

U.S. \$50,000,000

111 per cent. Capital Notes due 1993

S.G. Warburg & Co. Ltd.

Goldman Sachs International Corp.

Algemene Bank Nederland N.V. Christiania Bank og Kreditkasse

Citicorp Capital Markets Group

Bergen Bank A/S

Credit Lyonnais Den norske Creditbank (Luxembourg) S.A.

Bank of Tokyo International Limited

Deutsche Bank Aktiengesellschaft

Genossenschaftliche Zentralbank AG -- Vienna

Hambros Bank Limited

E. F. Hutton & Company (London) Limited

Kredietbank International Group

Kuwait Investment Company (S.A.K.)

Merrill Lynch International & Co.

Morgan Stanley International

Nordic Bank PLC

Nomura International Limited

Manufacturers Hanover Limited



Page 16 INTERNATIONAL HERALD TRIBUNE, MONDAY, JULY 18, 1983 Over-the-Counter AGENERAL JAMESTER JAM INATERING TO THE PROPERTY OF THE ARMAN TO THE STATE OF TH 想到那些好好的,他就是这个人,我们就是这个人,我们就是这一个人,我们就是这个人的,我们就是这个人的,我们的人,我们们的人,我们们的人,我们们的人,我们们的人,我们们的人,我们们们的人,我们们们们们们的人,我们们们们们们的 Modas E 1.92
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NOTICE IS HEREBY GIVEN that on the 26th day of July, 1983 in Room 234 of the United States Courthouse, Foley Square, New York, 1000 of 21 0:00 of clock in the forence on of that day or as soon thereafter as coursed can be heard, a hearing shall be held before the Honorable John J. Galgay, Bentoruptzy Judge, at which time Brucol Industries, et al., debtons and debtors in possession ("Brucol") shall, inter alia, request an order approving the Purchase and Repayment Agreement which has been filled with the Clark of the Court, and the offer of an aggregate payment price of approximately one million pounds sterling (consisting of 460,000 pounds sterling to be paid at cosing and recasting debts totaling 630,818 pounds sterling) by the Prospective Purchaser or any higher ofter made by any other offerors at or prior to the hearing in conformity with the terms of the Purchase and Repayment Agreement for inter alia the sale of Clobar Mig. inc.'s equity interest in interferics' Lid. ("Interfries"), its wholly owned substangary and the recasting of an Interested parties may submit written buts prior to the hearing date to Brucol Industries, inc. et al., attention: Irving Hoffman, 1412 Broadway, New York, 10018, Such bids must be accompanied by a check or money order subject to collection payable to Otterbourg, Steindler, Houston & Rosen, P.C., as attorneys for Brucol in the amount of 10% of the bid, which will serve as a non-returnable deposit in the event that the offeror is the successful purchases. All offers made at the hearing are subject to the Terms and Conditions of Sale as forth in Erhibit "C" to the Application of Brucol logisther with all exhibits thereb, including the Purchase and Repayment Agreement, is available during reasonable business hours for inspection and copyling by interested carries at (i) the office of the Clark of the Bankruptcy Court. Room 230 of the U.S. Courthouse, P.Rev York, New York; (ii) the office of Ottenbourg, Steindler, Aut. Leonard P. Margid, Esq.; and. (iii) the offices of Coward, Ch

1983.
NOTICE IS FURTHER GIVEN that the hearing to consider the offers may be adjourned from time to time without notice to creditions or other parties in inferest other than by announcement of such adjournment on the date scheduled for

Daled: New York, New York July 8, 1983

JOHN J. GALGAY

LEVIN & WEINTRAUB & CRAMES Anomeys for Brucol Industries, Inc., et al. Debtors and Debtors in Possession 225 Broadway New York, New York 10007 (212) 962-3300

BY ORDER OF THE COURT Bankruptcy Judge United States Courthouse Foley Square New York, New York 10007

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Consolidated Trading Of AMEX Listings Week Ended July 15

Volume: 31.95,000 shares Yeor to Dote: 1,347,442,000 shares Issues traded in: 716 Advences: 255 : declines: 365 Uncharped: 101 Haw Highs: 56 ; new lows: 11

U.S. Law Bans Satellite Sale The Associated Press

Ronald Reagan, who earlier this year ordered a study of the possibility of selling U.S. weather satellites to private business, signed legislation Friday that bers such sales without congressional approval.

CRÉDIT LYONNAIS

Floating Rate Notes due 1995 Redeemable at Noteholders's Option in February 1990 and in February 1993

Fiscal Agent

Olivetti Plans Push In U.S., Europe

(Continued from Page 13)

ti's merger last year of its U.S. op-erations with those of Docutel Corp., a Dallas-based manufacturer of bank equipment and automatic cash dispensers. Olivetti owns 46 percent of Docutel, with an option to take majority control. Components made by Docutel and by other U.S. companies in which Olivetti has interests are installed in cash machines and other equipment that the launching of the joint-venmade at the company's main man-ufacturing complex near Ivres. on both counts.

Olivetti's business in the United States, which accounts for 12 per-

WASHINGTON - American

Telephone & Telepraph Co. has asked a federal judge to reconsider one of his conditions for approval

of the company's plan for breaking

The company's request, outlined

in a 10-page brief, focuses on a requirement involving the expenses faced by the Bell System operating

companies in providing AT&T and all its long-distance competitors

with equal access to their custom-

not respond until later to several other conditions set down July 8 by U.S. District Judge Harold H.

Greene. Among those conditions is one requiring AT&T to surrender to the Bell companies all future use of the name "Bell" as well as its

"In today's filing, we are simply addressing one of the issues raised

by the judge," said AT&T spokes-man Pic Wagner.

that requires the breakup of the Bell System, the 22 Bell companies

AUTOS TAX FREE

Under the antitrust settlement

logo and trademark.

AT&T said Friday that it would

itself apart.

metion: We now have the capacity director of corporate strategy. to completely automate a bank, Probably the most successful ex-ample of this approach was Olivet-cited recent Olivetti installations at cited recent Olivetti installations at banks in Britain, France, Belgium, Canada and Japan.

What Olivetti lacks is fresh, large-scale financing, as well as a strong image. Both are needed if Olivetti is to compete successfully against such U.S.-based giants as IBM, Burroughs, Diebold and NCR, industry analysts said. But company officials are convinced

The fund will be based in the Dutch Antilles and managed in cent of total sales, could double New York by a group of Olivetti within the next few years, said Vittorio Cassoni, vice president for mediate goal is to raise about \$100 corporate marketing. "We have million Olivetti will account for 20 started with firms like Docutel and to 40 percent of the total. What others, but the idea is to go beyond about the rest? Mr. de Benedetti ATMs [automatic teller machines] smiled. "We are confident about the participation," he said.

AT&T Seeks Breakup Changes

tance competitors that are oow en-joyed by AT&T. That is expected

to cost roughly \$2.5 billion.
The Bell companies expect to re-

cover those expenses through spe-cial-access charges levied on AT&T and other long-distance companies like MC1 Communications.

Citing a desire to avoid any in-

crease in local consumer rates.

Rise in Japan Exports

Leads Industrial Upturn

TOKYO — Domestic demand continues to be slow, although in-dustrial production is turning up-

ward after a rise in exports and

liquidation of surplus inventories.

The stuggish demand is due

the Bank of Japan said in a month

mainly to receding investment en-

thusiasm on the part of major com-

panies and slow housing starts, it

said Saturday, Areas of rising production included telecommunica-

ly report.

connections to AT&T's long-dis-tance competitors that are oow en-the Bell companies do not recover



Carlo de Benedetti

wilt accelerate investment in U.S. high-technology companies. "We are in the fantastic, booming market of office automation and I intend to pursue its development," said Mr. de Benedetti.

all their expenses by 1994, AT&T

must reimburse them for the differ-

In its petition Friday, AT&T ar-

gued the judge was imposing "a new and different obligation" that

was never contemplated when it

"When it consented to the settle-

ment, AT&T agreed to divest the

Bell System's exchange operations in companies with sufficient re-sources thereafter to provide ex-

charges and other rates "oo the

premise that it can be obtained

If the requirement were not re-moved, AT&T coocluded, the

with the Justice Department.

cost recovery for to years."

later from AT&T."

Worries Volcker

Washington Post Service WASHINGTON - Paul A. Volcker, the Federal Reserve Board chairmao, has strongly warned the House Banking Committee that a restrictive amendment that it has included in a bill expanding U.S. commitments to the International Monetary Fund could "adversely affect the functioning of the international mone-

Mr. Volcker warned that the cffect of an almost-unnoticed provision in the House bill appropriating an extra \$8.4 billion for the IMF might choke off a safety valve enabling the lending institution to act promptly in a future international crisis.

The tMF money hill is due to come up in the House for a floor vote Thursday.

A text of Mr. Volcker's letter sent May 6 to Fernand St. Ger-main, Democrat of Rhode Island, the panel's chairman, was obtained by The Washington Post. It used unusually plain language to explain "the strength of my concern."

The specific amendment to which Mr. Volcker objected —it is not contained in the legislation passed by the Senate — has gotten virtually no public attention. Offered by Rep. Stephen Neal, Democrat of North Carolina, Section 302 of the House bill would severely limit the IMF's power to issue international credits called Special negotiated the antitrust settlement. Drawing Rights, which have been an important source of cash for the

poorer nations. The amendment requires congressional authorization for any U.S. vote on the IMF board to approve a new allocation of SDRs.

change services independent of AT&T," the company argued. Special Drawings Rights (SDRs) are a paper international asset crethe company argued. "AT&T did not agree to divest such companies 'and' guarantee their ated by the IMF and distributed to members. The value varies, and currently is about \$1.08 each. AT&T added that its offering of A high IMF official told the guarantee after 1994 "would put it at the mercy" of state regulators who could manipulate access

Washington Post: "This [the amendment] would put the SDR as an asset to sleep." The reason is that under the IMF's rules, an 85 percent majority is required for creation of SDRs and the present U.S. quota (its deposits in the fund) gives the United States close to 20 percent of the voting power, Thus, without U.S. assent, SDRs cannot be created.

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holder 30 Kelep, e.g. 32 What "Mac" means 35 Word after X 41 Affirmatives 43 Theater seat 44 Suitable for singing 46 Rent anew from the herd

this song 6 Article 7 Pass a law 8 Nero or Marshall DENNIS THE MENACE

' ${ t Don't}$ blame ${ t ME}$ if the water bill is high. ${ t I}$ only

JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arnold and Boo Lee

Jumples: LEAVE PRIOR SPONGE POORLY

Bangkok Beiling Hang Kong Marika Marika Sabul Shanghal Shanghal Shanghal Talkal Tukyo

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(f you (hink golf is only a rich man's game, look at these—ALL THE POOR PLAYERS

HE GOT THE JOSAS A PIANO MOVER ALTHOUGH

DO THIS.

Now arrange the circled letters to form the surprise answer, as sug-gested by the above cartoon.

ASK FOR ONE LOUSY LITTLE GLASS AT NIGHT!"

Unacramble these four Jumbles, one letter to each square, to form lour ordinary words.

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film debut in 12 Kind of route 59 Claire or Hutton for jets 13 Screams 60 "... I eat what ---- [": Carroll 21 Shade trees 23 Almond or 61 Sault Ste. Marie -26 More logical 63 Simple or Simone 65 Actress 27 Ger better 30 Labor org. 31 French

marshal

—— with an Umbrella"

67 Cinch 33 Suffix with 68 Reserve 69 Sassy lass 70 Neutral color 34 Berlin's "A 71 Marianne Moore's "What 36 Freedom from 72 Famed Italian bigotry 37 Personality 38 Morning 73 Clarinet, e.g. 40 Capital of Peru DOWN

Hayworth

42 Typical Marin painting 45 Jackals, e.g. 1 "For unto everyone that 47 Big horn 58 Curved letter Matt. 25:29 52 Not so sparse 2 C.A. trees 3 Fix up old 53 Actress Spacek wails 4 Actress Stevens 5 Joison sang

55 Navigators' Islands, today S6 Cryptic 57 Checks 58 Angry look 62 Garden tool 64 Hockey great O New York Times, edited by Eugene Maleska

telesu

7-18



DAGWOOD, I

HEAR A

BEETLE BAILEY

WHAT'S THE MATTER, SHE

WIZARD of ID

REX MORGAN

LORETTA CHASTISES HER DAUGHTER

DENISE FOR HAVING

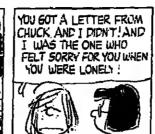
CALLED DR. MORGAN!

GARFIELD

GARFIELP, I KNOW YOU'RE IN MY FERN. I CAN SEE YOUR TAIL

BEETLE

Ž.



OKAY, LISTEN TO ME,

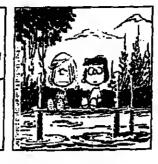
YEAH, I KNOW

WHAT YOU MEAN

WANT YOU TO

STAY IN BED AND

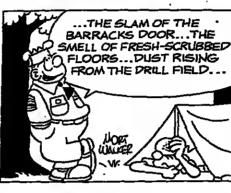
BE QUIET N













I'M AFRAID THE

KINGOOM'S ECONOMY

IS ON THE MOVE

I WANT YOU BUT, MOTHER
TO KNOW THAT -- I GOT SCAPED
YOU EMBARRASSED ME PASSED CUT!
TERRIBLY! I DIDN'T KNOW

an Egi

OH, I'M JUST

HOMESICK

SOMETIMES

















BOOKS

PINOCCHIO'S NOSE

By Jerome Charyn, 385 pp. \$15.95. Arbor House, 300 East 44th Street, New York, N.Y. 10017.

Reviewed by KARL KELLER ..

T HIS is probably the silliest novel I ever read.

Silly, first of all, in a very good sense, It shifts around in place - from the Tatar Jewish streets of the Bronx to the underworld of Paris to the Mussolini court in Rome and finally to academic circles in Austin, Texas - without much rhyme or reason. It shifts around in time, too - from the quaint ghetto '30s to the Italian fascist '40s to the escapist '80s and on up to the end of the century - again without much thyme or reason.

The main character -- Jerome Copernicus Charyn, the author, the narrator, the main Pinocchio character - shifts from a young men who thinks he can use Pinocchio as his muse, to a storyteller who re-creates Pinocchic stories for a dyslexic cousin, to a version of Pinocchio himself in fascist Italy, and to a famous American author of children's books about Pinocchio - all without much rhyme or reason either.

All of this is good fun, especially because the author-narrator's language is racy with lies that become truths (the Pinocchio syndrome) and because the incidents of the novel are just bawdy and raunchy and absurd enough to keep all the nonsense moving (the Ch syndrome). He says that, as a writer, his motive is to "explain the madness of his century to leagues of young scientists." His uses of the Pinocchio story - learning and retelling it, extending it into our own times, trying to live some of Pinocchio's further adventures himself - are, he says, his "survival kit" in a "mad century.

There is even more good fun in the novel when the author-narrator, who wants more than anything else in the world to be an authornarrator, shuffles literary history on us. He says he wants to he like James Joyce ("I'd been too occupied with James Joyce to take rhumba lessons in the Bronx.") and so he resurrects him as Giacomo Joyce ("a lunatic with literary style") and makes him his friend under II Duce. He knows, too, that as Pinocchio he has to have a whale somewhere in his life, and so he tries hard to identify himself with Melville and Moby Dick ("the muse of Moby Dick was upon me"). Mussolimi reads Dostoevsky. Brun-

Solution to Friday's Puzzle

hilde reads Flambert, F.D.R. reads George Mills, alias Stanley Elkin, Pinocchio reads Pinocchio reading Pinocchio. It is all crazy fun.

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Brave

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But also really silly. All the metamorphoses that make up the plot go unexplained; they aren't even nonsensed awfully well. They exert only so a piccolino can be a picaro, and the novel can jerk its jokey way to its silly end it winds up; one winces.

The povel gets even sillier as it tries to turn Pinocchio into a modern character. Charyn does it by the tired device of sex jokes. For, you see, wooden little Pinocchio - whether as the author-narrator's muse, a character in the old Geppetto stories, or the author transformed into his own character - has no genitals. So his nozzle is his pizzle, and he leaves all the women exhausted, "cohabiting with a wooden boy in the most unnatural of ways." Yet with all this phantom copulation", he never has an organi d so turns instead to Italian politics.

Pinocchio thus becomes Mussolini's clown and confident. Two puppers — get it? "I couldn't help it," he tries to explain, "if I'd become a golem on the way from flesh to wood," But we are told that fascist little Pinocchio's troubles -- as well as those of Mussolini and his Fascisti — come from never having been bar mitzvahed — I don't get it. The novel is full of such silliness and non sequiturs. They are supposed to help one understand "the stinking mystery of Pinocchio," but I think they are just bad jokes, just bad fiction writing.

You have to work your way past such corn as this: "The Texas Panhandle was a piece of country that you could fry potatoes in." You have to endure such literary nonsense as this: "Is that a portrait of your family as a nose?"
You have to be patient during such jokiness as this: "Brunhilde's dependability might have come from her being dead." You have to scratch your head at such a non sequitur as this: "They stopped singing and talked of Verdi and Rossini, as if Herman Melville were sitting in the car.

The trouble is that while Charyn-Pinocchic says he would like to write like Joyce -use of legend, mixing up the language, sex and significances — he is really trying hard to be like Garcia Marquez, with ghost witches, confu-sions of places, fusions of history and interleafing of characters. But a writer from Bronn-Texas can't bring that off, for there is no foundation for such writing in American mythology - and so it is only nonsense-writing trying hard to sparkle and surprise. It doesn't Charyn-Pinocchio tries to rationalize his

writing at one point in the novel. "People will get the idea that magic exists and they'll never-go back to the ordinary. The planet would fall on its ass," Wanna bet?

Karl Keller, who teaches English at San Diego State University, wrote this review for The Los Angeles Times.

U.S. Groups Win in Vienna

The Associated Press VIENNA (AP) - The 105-member St. Louis Symphony Youth Orchesuz won firstplace in its category at the 12th International Youth and Music Festival. The Clarksville (Tennessee) High School Madrigalians and the Pershing (California) Junior High Bell Chant Ensemble shared first prize in the choir competition, festival organizers said.

WEST

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BRIDGE

By Alan Truscott

S OME people think that all the possibilities in card play have long ago been exhausted, but that is a serious misconception.

North-South were using one of the many artificial two-diamond opening bids favored by tournament players. In this case it showed a three-suited hand with 15 to 18 high-card

The response of two hearts asked South to identify the singleton. Since two no-trump showed a heart shortage, North called it a day.

The defense was slightly im-perfect. West led the diamond jack, South won with the king

and a low spade was led. East won with the jack and played his remaining diamond. When South ducked, West

overtook with the nine and led the spade king. South allowed this to win,

and West continued with the ten, missing his chance to shift to a heart. East discarded the club jack,

a dubious move, and South took his ace, led to the club king and took a remarkable finesse: He led the club three and finessed the eight when East omitted to split.

The club ace was cashed.

004 **4**0 On the lead of the club queen. West was subjected to a very strange triple squeeze. He had to keep his spade queen and diamond ace, so he was

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forced to throw a heart. That proved equally fatal, for a heart was led to the nine and ten. Now the dumming could not be prevented from and fine play had brought him to this astonishing ending:

south his contract.

Giants 5, Cardinals 4

In San Francisco, Chili Davis

capped a three-run eighth with a

two-run bomer that rallied San

Braves 9, Expos 3

In Atlanta, Chris Chambliss's

two-run single highlighted a six-run rally in the sixth that carried the

Braves to a 9-3 decision over Mon-

treal. Bill Gullickson (7-10) had al-

lowed only a fourth-inning single to Claudell Washington before Al-

lanta knocked him out in the sixth

Winner Phil Niekro (5-6) allowed

six hits, walked two and struck out

two before being lifted for Terry Harper, a pinch-hitter, in the sixth.

Francisco past St. Louis, 5-4.

SPORTS BRIEFS

All Blacks Complete Sweep of Lions

AUCKLAND, New Zealand (Combined Dispatches) — New Zealand routed the touring British Lions Saturday, 38-6, scoring six tries to none in the fourth test match. The All Blacks thus swept the scries, having won the previous tests 16-12 in Christchurch, 9-0 in Wellington and 15-8 in Dunedin. Right wing Stu Wilson bettered the All Black career record for tries in interna-

tional matches with the first of his three tries Saturday, ending with a career total of 19. Flanker Jock Hobbs, fullback Allan Hewson and lock Andy Haden were the other try-scorers, and Hewson kicked four conversions and two penalty goals. For the Lions, Irish flyhalf Ollie Campbell and Welsh fullback Gwyn Evans kicked

It was the worst test defeat in 73 years of official rugby tours in the Southern Hemisphere by British Isles squads representing England, Scotland, Ireland and Wales. The seventh Lions in New Zealand — captained by Ciaran Fitzgerald of Ireland, managed by Willie John McBride of Ireland and coached by Jim Telfer of Scotland - ended with 12 victories and six defeats.

Laurent Wins Tour Leg After Inquiry

SAINT-ETIENNE, France (UPI) - Frenchman Michel Laurent won Sunday's 16th stage of the Tour de France bicycle race, a run of 144.5 kilometers (89.75 miles) from Issoire, on a post-race decision by the officals. Stewards downgraded Henk Lubberding of the Netherlands to second place for causing Laurent to fall just before the finish.

Frenchman Pascal Simon retained the overall lead. Lubberding and Laurent were neck-and-neck before the Dutchman veered across Laurent's path, causing him to crash into the barriers. Following an inquiry, Laurent was awarded the stage even though Lubberding crossed the finish line first, followed by Jean-Luc Vandenbroucke of Belgium.

Spaniard Angel Arroyo took Saturday's 15th stage, a 15.6-kilometer individual time trial from Clermont-Ferrand to Le Pny-de-Dôme. The winner clocked 40 minutes 43 seconds, finishing 52 seconds clear of compatriot Pedro Delgado.

Dodgers Suspend Relief Pitcher Howe

LOS ANGELES (UPI) — Los Angeles Dodgers relief ace Steve Howe, Imed a record \$54,000 earlier this month for drug problems and who reported late for a game Friday, was suspended by the team for an unspecified period Saturday night. In a statement, the team said Howe arrived at Dodger Stadium three hours late for Friday's game against Chicago and then met with team executives Fred Claire and Al Campanis. At that time, he refused to undergo a test to determine his condition to play, the

Dodgers said. Saturday morning. Howe underwent a physical test at regional drug rehabilitation center, but he and his representative declined to authorize the release of the

results of the test to the Dodgers management, the team said. In a meeting before Saturday night's game against the Cubs, Howe again refused to take a test under

team supervision and was suspended.

Howe was recently fined \$54,000 for his second bout with cocaine. The fine amounted to Howe's pay for the 30 days be missed this season when he was a patient at a rehabilitation center. The Major-League Players Association is appeal-

Brett, McRae Lead Royals to 10-0 Rout of Indians

CLEVELAND - George Brett drove in four runs with a three-run home run and a fielders' choice Friday night and Hai McRae hit added a homer to power the Kan-sas City Royals to a 10-0 pasting of the Cleveland Indians.
Paul Splittorff (7-3) allowed one

hit over the first seven innings.

FRIDAY BASEBALL Juan Eichelberger (3-9) suffered his

Willie Wilson opened the first iming with a walk and took second on John Wathan's infield hit. Brett then hit an 0-1 pitch over the fence io right-center for his 16th home run of the season and McRae followed with a shot over the left-field

sixth straight loss.

In the second, Pat Sheridan singled, took third on Onix Concepcion's single and scored on Wilson's infield out to chase Eichelberger.

A run-scoring double by Con-cepcion, an RBI single by Wathan and Brett's grounder gave the Royals three runs in the fifth against reliever Jerry Reed. Sheridan singled home Amos Otis with another Kansas City run in the

Greg Pryor's RBI single to night gave the Royals their 10th run, in

Red Sox 10, A's 7

In Boston, Glenn Hoffman's bases-loaded single triggered a fiverun sixth and Wade Boggs went 3for-5 with two RBIs to lead the Red Sox over Oakiand, 10-7. Mark eight-hitter to help the Mariners to Clear (3-2) pitched the final 31/2 victory, snapping Detroit's mnings for the victory.

Ocioles 10, Angels 4

In Baltimore, Eddie Murray went 4-for-4 and drove in four runs with his 16th homer and a two-run double to lead the Orioles to a 10-4 Soto pitched a four-hitter to lead

the Angels to two hits over the last to 2-3. Joe Lefebvre homered for eight hits and four runs. six innings and retired 15 straight the Phillies. batters before Daryl Sconiers singled in the ninth. Tommy John (7-6) took the loss.

Brewers 6, Twins 3

In Milwankee, Cecil Cooper drove in four runs with a single, a leading the Astros to 6-0 triumph triple and a home run and Mike over New York. Knepper (3-9) Caldwell (7-7) pitched a six-hitter, helping the Brewers defeat Minnesota, 6-3. Despite taking the loss, Minnesota starter Bobby Castillo (5-7) allowed only six hits in 7% innings and struck out eight.

Yankees 7, Rangers 5

In New York, Dave Winfield homers to power the Yankees past Texas, 7-5. Rick Honeycutt (11-6) to a 4-2 triumph over the Padres. lasted three immings for the Rang- Kent Teknive, who entered in the ers, giving up nine hits and six runs. eighth to choke off a Padre threat, Dave Righetti went six innings for received credit for his fourth viclosses, but was relieved by George Frazier in the seventh. Frazier then got in a jam in the eighth with two on and one out.

Blue Jays 3, White Sox 2 In Chicago, Dave Collins singled in two runs with the bases loaded an 8-4 voitory over the Dodgers. and one out in the ninth to give Burt Hooton (8-3) had his seven-Toronto a 3-2 victory over the game winning streak broken as he White Sox. Winner Joey McLaughhis evened his record at 2-2. Richard Dotson (8-6) was the loser.

Mariners 7, Tigers 2 In Seattle, Ricky Nelson's triple keyed a six-run sixth and lefthander Matt Young pitched an Montre eight-hitter to help the Mariners to Ottown

five-game winning streak. Reds 3, Phillies 2 In the National League, in Philadelphia, Nick Esasky doubled in two runs in the sixth and Mario

triumph over California. Mike Cincinnati past the Phillies, 3-2. allowed eight hits and five runs. Boddicker (6-4) allowed four runs. Soto (10-8) struck out eight. Phila-Chicago starter Dick Ruthven (6-7) in the first three innings, but held dephia rookie Charlie Hudson fell departed in the sixth after yielding

Astros 6, Mets 0 In Houston, Bob Knepper

pitched his third shutout of the year and singled home the game-winning run in the second inning. scattered five hits, struck out eight and walked one. Houston's Omar Moreno hit two triples to increase his league-leading total to 11. Ed Lynch (6-4) started and took the

Pirates 4, Padres 2

In San Diego, Jim Morrison and and Don Baylor each hit three-run Tony Pena hit ninth-inning home runs that lifted surging Pittsburgh his 11th victory against three tory in six decisions. Rookie Mark Thurmond (2-1) was the loser.

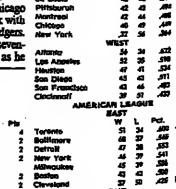
Cabs 8, Dodgers 4

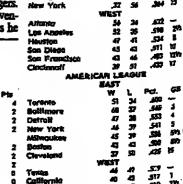
In Los Angeles, Keith Moreland, Jody Davis and Ron Cey drove in two runs each to help Chicago break a six-game losing streak with

CFL Standings



Major League Standings NATIONAL LEAGUE 51 572 63 511 64 AR 64 AR 65 AR 56 AR





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SPORTS

Watson Wins British Open by 1 Over Irwin, Bean Compiled by Our Staff From Dispatches where he won in 1971; he settled for a 70 But the warm recognition was for performances past; Nieklaus, never in contension salvaged a 70 on Sunday, turning back a loost of challengers and becoming the first Masters champion Seve Ballesteros of a loost of challengers and becoming the first



Watson, a nonwinner for a year, added the 112th Open title to his previous vic-tories, on Scottish soil, at Carnoustie in 1975. at Turnberry in 1977, at Muirfield in 1980 and last year at Troon.

He won the 1983 tournament by a single shot with a 275 total, nine strokes under par on the sandhilis of the Royal Birkdale Golf Chib links.

But Watson avoided a playoff only by the margin of a whiffed tap-in putt on the 14th hole of Saturday's third round that, eventually, left Hale Irwin one shot back and tied for second at 276 with Andy Bean. Irwin and Bean each played the final round in 4-under-par 67. They were among seven men who led or shared the lead at one time or another on a cool, windy Sun-

Watson, however, pulled ahead with a 12-foot birdie putt on the 16th hole. That out him one in front, and he held on from

Graham Marsh, a 39-year-old veteran from Australia, provided the early target with a spectacular, no-bogey, 7-under-par 64 that got him in the clubhouse, about two

Lee Trevino, who holed a 30-foot eagle putt on the 13th and once had a share of

In Houston, Dickie Thon drove

grounder and Mike Scott

in three runs with a double and an

pitched a six-hitter over 81/5 in-

nings, leading the Astros to their fifth straight victory, 3-1 over New

York, Mike Torrez (5-11) took the

loss as the Mets suffered their 13th loss in their last 16 games.

Cardinals 9, Giants 3

drove in three runs with a pair of

singles and Andy Van Slyke added

two RBI doubles to pace St. Louis a to 9-3 victory over the Giants, A home run by Milt May gave the Giants a 3-0 lead in the fourth. But

Ken Oberkfell's two-run homer in

the fifth started the Cardinals'

In San Francisco, Lonnie Smith

a host of challengers and becoming the first
American to win the British Open golf
championship five times.

American to win the British Open golf
championship five times. 68. Henning, who once retired from com-

petition for seven years, got to within a stroke of the lead before a bogey on No. 18 killed any hopes he may have had. He Emished with a 69. Bill Rogers (winner of this title in 1981), English club pro Denis Durnian, Christy O'Connor of treland and the British stan-

dard-bearer, Nick Faldo, were next at 280.

Rogers shot a final-round 69, Durnian a 67 and O'Connor a 68. Faldo, seeking to become only the secand Englishman to win the Open since 1948 (Tony Jacklin won in 1969), brought hope to a huge gallery when he one-putted the first five holes to take a share of the

But the 25-year-old Faldo, three times a British PGA champion, slipped badly over the back nine. He three-putted twice, missed a couple of other short par putts and played the incoming side in 40 to finish

Ray Floyd, the current PGA champion, had a share of the lead at one point, but also failed to keep it together over the final few holes. He drove out of bounds on the final hole, took a triple bogey seven and finished at 75/282.

Jack Nicklans, holder of a record 17 major professional championships, was applayers, seven of them leaders from time to planded as he approached the 18th green.

Arnold Palmer, who won the first of his two Open titles here in 1961, finished 75/289. U.S. Open champ Larry Nelson shot 72/288.

Watson, who had the U.S. Open title snatched from his grasp at Oakmont, Pennsylvania, a month ago, had not won since taking this title a year ago.

And in winning Sunday, Watson became only the fifth man ever to win the Open five times. Peter Thomson of Australia, who won the first and last of his titles on the same links, was the last. He won three in a row starting in 1954, added another in 1958 and again in 1965.

Britain's great triumverste — Harry Vardon, J.H. Taylor and James Braidd won the Open a total of 16 times in the Watson, hung in there. Neither was able to years between 1894 and 1914. Vardon took birdie the par-5 15th, but both got to eight-

Thomson sent Watson a telegram, reading "DELIGHTED AND THRILLED over for the day, got a shot back with a 12-TO WELCOME YOU TO THE 5-TIME foot birdle putt on the 11th and regained a

Watson started the final round with a on the 13th.
one-stroke lead, which disappeared when At that poi he three-putted from 70 feet on the fourth

Compiled by Our Staff From Dispatches

SILVERSTONE, England -

Frenchman Alain Prost, driving a Renault turbo, took the lead on lap

20 and held on to win the British

Grand Prix here Saturday, increas-

ing his lead in the 1983 world

nampionship standings.

Prost became the first French-

m to win the British event since

1927, and Renault became the first

turbo-charged car to win the race.

Driving faultlessly on a sun-drenched afternoon, Prost took the

checkered flag just over 19 seconds ahead of 1981 world champion

Brazilian Nelson Piquet's Brab-

France's Patrick Tambay was third in a Ferrari turbo, followed

by Nigel Mansell of Britain in the

first outing for the new Lotus 94T, also with a Renault turbo engine,

and René Arnoux in the other Fer-

rari. Two-time world champion

Niki Landa of Austria was sixth in

a Cosworth-powered McLaren — the top nonturbo finisher.

With more than 100 extra horse-

ham-BMW turbo.

From then on, it was a multiple scramble. At one time, three strokes covered 13

before he made consecutive bogeys on the whiffed tap-in in Saturday's round. ninth and 10th.

while there, it looked like seven-under 205. Stadler, the second-round leader, would win it."

birdie on the 14th. Finally, there was Tre- two strokes to complete the hole in a douvino, with a birdie on No. 15.

Floyd, Faldo and Trevino, however, eventually became victims of their own mistakes and drifted back.

But Irwin and Bean, playing in front of Watson, hung in there. Neither was able to it a record six times, Taylor and Braid five under with two-putt birdies on the par-5

> Watson, who bad reached the turn two share of the lead when he played a great bunker shot to within two feet for birdie-4

He staved there with a critical six-foot second puri on the 14th and went ahead with his birdie on the 16th.

The 17th went to a par five. Needing par on the 473-yard final hole, Watson hit a 2-

Then it was Floyd, who got a share Irwin - the latter doubtless thinking of the

inth and 10th.

On Saturday, Watson had capitalized on
Then there was Marsh, who came from
a final-hole double-bogey by Craig Stadler ight shots back and posted his brilliant to take a one-stroke lead after three

effort in the early going.

"The wind was kicking up, about the time Marsh finished," Watson said. "For a under-par 70 for a 54-hole total of 8-under drove into the rough on No. 18, blasted out Then Irwin and Bean got into the act — with a pitching wedge and then put his 3-Irwin with a birdie on the 13th, Bean with a iron into the bunker before taking another ble-bozev 6.

Stadler's 72 put him in second at 206, a stroke ahead of Floyd (a third-round 69), Australian David Graham (67) and Faldo

Stadler blew to a final-day 75 for a 281 total, while Graham finished 75/282.

Trevino, who shared second with Watson after the second round, shot a 73 to stand alone at 208 after three rounds. At 209 were Irwin (72), Fuzzy Zoeller (67), Bean (70) and South African Mark McNulty (68).

Watson, who had carded 67 and 68 for his previous two rounds, began Saturday's round with a double-bogey 6 at the first hole when he pulled his driver, the ball landing at the foot of a bush. But he birdied the par-4. 10th and picked up further strokes with birdies at Nos. 15 and 17. Watson hit the fairway just once in five

Braves Hand Expos 6th Defeat in a Row

The Associated Press

ATLANTA — Pinch hitter Jerry

ATLANTA — Pinch hitter Jerry

Royster hit a two-run double and

Brett Butler drove in two runs with a grounder and a home run to pace the Atlanta Braves to a coverage where Saturday night.

The Expos have lost six in a row, have fallen

The Expos nave lost six in a low, they have fallen

SATURDAY BASEBALL

rom first place to fourth in the With the score tied, 3-3, Atlanta cored three runs in the sixth. Bob forner led off with a walk and Win in less Inris Chambliss followed with a

. ouble that knocked out starter The many Burris (3-4). Glean Hubbard

and Granollowed with a walk off reliever

and the bases and Family on Dan Schatzeder. One out San Maharater Royster delivered a two-run land the land with an RBI grounder.

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Western .

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Atlanta starter Pete Falcone (8-

WASHINGTON — It was supposed to be the District of Columbia's first title fight in 42 years. Instead it was a fiasco.

Eddie Mustafa Muhammad never fought Michael Spinks for the light heavyweight title and on Saturday he was suspended by the District of Columbia Boxing and Wrestling Commission.

Several other state boxing commissions indicated they may follow suit.

In 52 years of being in boning. I've never witnessed anything compared to this performance," said Eddie Futch, Spinks's manager.

Four hours before fight time. Spinks called off the match after it was downgraded to a 10-rounder — with sharply reduced ourses — because Muhammad was overweight. The undefeated champion said he didn't want to meet Muhammad in a nontitle bout

Cora Wilds; chairwoman of the commission, announced the action against Muhammad. "We have suspended him indefinitely," she said. "And we will send formal profiferation in the commission of the commission announced the action against Muhammad."

commissions Monday and to him that he has been suspended indefinitely from getting a license or boxing in Washington, D.C., and if honored by the other commissions, and it will be, in the

At Friday morning's weigh-in Muhammad tipped the scales at 177½, which was 2½ pounds over the weight-class limit. He was

given two hours to lose the excess, but instead headed for a dining

room and ate. He maintained that he was 175 pounds and that the

scales had been tampered with.

Even his trainer, Wali Muhammad, said Mphammad "blew a

golden opportunity" by not even trying to lose the weight to be

In the end, Spinks lost a \$1 million payday, Muhammad lost a \$250,000 check and fight promoter Butch Lewis said he was out an

Officials of both the World Boxing Association, which had

sanctioned the fight, and the World Boxing Council; said they would drop Muhammad, 31, from their rankings.

Representatives from state boxing commissions in Nevada, Pennsylvania, New Jersey and Rhode Island, indicated they would

.

because it would "be stooping to his level."

(13)01 Cora Wilds; chairwomen of the level."

estimated \$200,000.

Burris chose to work despite the

Phillies 9, Reds 3

In Philadelphia, Bob Dermer and Pete Rose hit consecutive dou-bles and Gary Matthews added two singles to highlight a six-run fifth imming as the Phillies went on to a 9-3 victory over Cincinnati. Starter Bruce Berenyi (4-10), and reliever Ted Power were the recims of the outburst, which enabled John Denny (8-5) to coast to his sixth com-

Pirates 3, Padres 2

In San Diego, right-hander Don Robinson broke a 2-2 tie with a

Dodgers 7, Cubs 4

In Los Angeles, Pedro Guerrero drove in five runs with a triple and three singles and Fernando Valenwell won for the first time since June 13 as the Dodgers whipped Chicago, 7-4. Valenzuela (9-5), winless in his last five starts, gave up 12 hits while striking out six and walking four in 81/5 innings.

by Gossage after the first two batters reached base in the eighth.

A's 12, Red Sox 5 In Boston, Wayne Gross, Rickey Detroit. Mike Moore (1-3) struck Henderson and pinch hitter Garry out a career-high nine in his second Hancock doubled during a four-

innings while reliever Steve Bedrosion went the final three to pick up his 14th save.

seventh. Ron Scurry entered and pitched into the ninth, when Kent Tekulve notched his ninth save.

reventh Ron Scurry entered and Stanley, enabling the A's to overpower the Red Sox, 12-5, and map a six-game losing streak. The A's had lost nine straight to Boston and 20-of-21 games in Fenway Park.

Blue Jays 7, White Sex 5 In Chicago, Jesse Barfield's single with two out in the ninth inning broke a 4-4 tie and Willie Upshaw followed with a two-run home run to pace Toronto past the White-Sox, 7-5. The Blue Jays have won 8 of their last 9 games.

Angels 8, Orioles 5

In Baltimore, Bobby Clark highlighted a five-run fifth inning with a three-run homer, helping California snap a five-game losing streak with a 8-5 triemph over the Orioles. Geoff Zahn (6-4) survived a shaky start to go 8% innings for his first victory since coming off the disabled list July 11.

Brewers 5, Twins 0

In Milwankee, Jim Gantner, Paul Molitor, Robin Yount and rookie Bill Schroeder hit home runs and Moose Hass buried a threehitter in pacing the Brewers to their fifth straight victory, 5-0 over Min-nesota. Schroeder has hit two homers since being called up Tuesday from Vancouver of the Pacific Coast League.

In Cleveland, Ron Hassey, Manny Trillo, Gorman Thomas and Pat Tabler hit home runs and the Indians scored seven runs in the seventh inning on the way to over-powering Kansas City, 17-3.

In Scattle, Dave Henderson's two-out double in the ninth scored Jim Maler from first base and lifted the Mariners to a 1-0 victory over

LOS ANGELES - After Vladimir Salnikov set a world record in the 800-meter freestyle at an internaproached shyly by a man who had been standing quietly nearby as Salnikov talked to reporters.
"Excuse me," said Mark Spitz, slowly extending his

You're too strong."

That commendation from Spitz, who won seven

gold medals at the 1972 Olympics in Munich, showed how the 23-year-old Soviet star has dominated distance freestyle swimming for six years. He holds world records in the 400, 800 and 1,500 meters; he won the gold medal in the 400 and 1,500 at the 1980 Olympics and won last year's world championships. He will thus be a strong favorite in those events at next year's

Salnikov, whose father is a sea captain and whose mother is a furniture designer, did not make much of an impression as a beginning swimmer. He first tried to learn to swim in a river near his grandmother's home in rural Novgorod. He was 6 years old. He recalled that he had not done well and that his play-

At 8 he tried to learn again in a pool, but stopped after three attempts because of earaches. But a short time later, when a coach visited his school and asked if anyone wanted to learn how to swim, Salnikov

an average of about 65 miles a week, has built his for an average speed of 142.23

"Our kids are looking for an easy way out too often

now," said Trevor Tiffany, the head Canadian coach, "He is typified by his ability to control the race at a very fast level," said Ray Essick, the executive director said. "But it was an even greater of U.S. Swimming, the governing body of amateur achievement for the Lotus team swimming in America

"Sometimes at 1,500 meters he'll only deviate .02 or who have worked so hard building .03 per each 100 meters. You can almost predict his the new car over the past five time from his first 100 meters because of his ability to weeks." maintain a pace all the way through.

"And then he's a tremendous finisher. He's able to "And then he's a tremendous finisher. He's able to maintain all the way through and he calls on that last sprint."

Salnikov's endurance and strong pace were in evi-

dence Thursday when he set the record. He beat to second- and third-place Americans, Tony Corbisiero

and Jeff Kostoff, by 20 meters - almost half the length of the pool. Racing with bittle competition and with bittle en-

couragement from the crowd, he lowered his world mark of 7 minutes 52.83 seconds a half-second to

"Sometimes I swim fast and I can't understand wby," Salnikov said. "But it's because I had hard training before." He came to the meet here not to seek records but to

test the new \$4 million Olympie pool. He said he expected his chief competition at the Olympics to come from Kostoff and Sven Lodziewski of East

But according to Spitz, Salnikov's long domination of his events, his extensive international and Olympic

ing his country friends a thing or two.

Coaches and officials say that Salnikov, who swims

experience and his confidence will make him almost unbentable next year.

Liberty Defeats Defender in 2 Trials

New York Times Service

NEWPORT, Rhode Island - In Saturday's opening of the U.S. observation trials to select the Ameri-

Liberty, sailed by by Dennis Conner, won the first race by 1 minute 9 seconds over a 8.5-mile course and the second race by 2:39 over a 14-mile course.

aller, was flying a protest flag before the start of the second race as a result of a confrontation in the pre-

rounded the second mark with a boat last week was not properly boat it judges to be the best after 1:25 margin.
Defender pushed Liberty over

the starting line early in the second race, causing Liberty to circle slice removed to make the boat's magna, secretary of the cup comround and re-start. That gave De- bow and stern measurements lit mittee, said the committee was fender a 35-second lead at the start. with its midsection measurement looking to see "better covering of The course was two times around (9) and Blorkman, W-Scott, 5-3. L-Torrer. 5. windward-leeward marks set 31/4

AMERICA'S CUP

He attributed Defender's probline at the same time on port tack lems on the course to a new main- kengers' trials, which are based on a with Liberty to leeward. At the first sail that was used for the first time crossing, Liberty led by four Saturday and apparently was not a trials are run for the America's Cup lengths. Conner then stretched his proper fit with the jib. He also said lead to 1:14 by the first mark and the ballast that was added to the Clnb. The committee selects the

> Defender was cut in half and a thin points. As a result, 50 square yards opponents, cleaning up of crew of sail area and 800 pounds of in-work, and some indication that ternal ballast were added to the boat speed has changed because of

look good when you're fast.' Conner, who defender the cup in

"Psychologically, this was very day-to-day racing when you've got problems like this."

Sunday, Liberty was paired gainst Courageous, sailed by John Kolius. Courageous and Defender

The observation trials continu through July 27. Unlike the chalrigid elimination series, the U.S. Committee of the New York Yacht

three sets of trials. The final trials

Prost Takes Grand Prix Event relegated to third place on the grid by the Ferraris Friday, took second place from Arnoux on the 13th Lp

and on the 20th lap captured the

lead, which he never lost except for

Although both Ferraris finished

among the points, the team's bid to

win its first British Grand Fris for

25 years was thwarted by what ap-

The last Frenchman to win a Grand Prix on British soil was Robert Benoit, who won on the old Brooklands circuit in 1927, 23 years before the world Formula One championship began.

engines, although only 1.5 liters,

the turbo cars have greater straight-

line speed and can afford to run

bigger rear wings to improve cor-

The top three drivers also ocupy the first three positions in the 1983 well suited to the torrid conditions world standings. Prost with 39 and pace as the radials on the Repoints to 33 for Piquet and 31 for nault.

Tambay. Reigning works champion Keke and 17 of the 26 starters completed Rosberg Finland, starting from 13th, he was never better than 11th, where he finished in his Williams-Cosworth. He retains 25 points in and Lotus team

fourth place in the championship

1983 season, following successes in France and Belgium.

For Prost, who averaged 139.218 bo-charged Renault dropped out miles per hour (224.21kph) for the race, it was his third victory of the retired his Brabham with a broken turbo on the ninth lap and the new turbo-charged Lotus of Italian Elio de Angelis, which looked so im-

Prost, the first man to do an official 150 mph qualifying lap here, set an official lap record on the 32d circuit, clocking 1:14.212

the grid to finish fourth in his new

BASEBALL

American Lague

CLEVELAND—Placed Tom Brennan,
plicher, on the irrevocable waiver list, Oplianed Jerry Reed, plicher, to Charletten pl iloned Jerry Rees, pro-the International League. MILWAUKEE—Staned BHI Castro, pitol MILWAUKEE BHI MILWAUKEE BHI MILWAUKEE BHI MILWAUKEE BHI MILWAUKEE MILWAUKEE BHI MILWAUKEE BH

CHICAGO—Purchased That Bosley, oul-fielder, from lowe at the American Associa-tion, Placed Gary Woods, cutfielder, on the 15day disabled list.
PHILADELPHIA—Purchased Sieve Jells.

N.Y.—Signed Bobby Humphrey, octiver. Signed Lenn Imperso, quarter free-opent contract.

res-opent contract. MIAMI—Signed Sieve Marmon coul Adj



his 14th save. death of his father, Comelius, earlier Saturday in Tacoma, Washing-

seventh inning home run, helping Pittsburgh edge the Padres, 3-2, and extend its winning streak to six games. The Pirates are 8-1 on their corrent West Coast road trip. Robinson (2-1) was lifted after issning a leadoff walk to Tim Flannery in the

.

In the American League, in New ing of the season. He was relieved

York, rookie left-hander Ray Fon-tenot combined with Rich Gossage on a seven-hitter that lifted the Yankees to a 3-1 victory over Texas. Fontenot (2-0) struck out five and walked one in his longest out-

Mariners 1, Tigers 0

			F.	riday and Satu	rday Line	Scores
+	1 101 13		Collinate	FRIDAY'S RESULTS AMERICAN LEAGUE 22 000 000 6 6 1	SATURDAY	N LEAGUE
	77 77 100		Baltimor			921 000 431—12 180 400 989— 5
	the late		John, 7-4	d Dempery W - Boddicker, 6-4. L . HR - Battimore, (14).	ney (4), Heath (7); Oledond Allerson, W—Ather	o, Stanley (41, B)
			Oetcland Bodlen Codleni	111'010 103 7 13 0 102 005 01x 10 13 1 L Burmmeler (3), Beard (6), Under-	5. HRs—Cokland, Burn (7). Boston, Evons (17)), Stopleton (5).
	C Int	Course third because Daddy Dall was wise	The Americant from wood (8)	and Heath; Hurst, Clear (4) and Newmon (4), W—Clear, 3-2, L—		978 900 995—7 900 928 19x—2
O A RO	ut of liv	exas third baseman Buddy Bell was miss laturday night after chasing a pop-up by \ emp to the railing of the stands — and be hortstop Wayne Tolleson, right, was reluctant	ankee Steve Almon (2	er, 46. HRs—Oukland, Loses (11). D. Boston, Eyans (17).	tenot. Gossone (8) and lenot. 2-0. L—Smilltson	Wyneper. W.
W.O. W.	h: k3	emp to the railing of the stands — and be	youd Ranger Chrysland			102 700 803-7
	المامين المامين	pioristop whyne Toneson, right, was remeant	Elcheiber	ff, Creel (E), Heed (?) and Watton; rear, Reed (2), Selliner (4), Easterly assey, Essian (3), W—Spilltorff, 7-3.	Chicago Gott, Jackson (4), Mc (9) and Martinez: Burn	
	ما المامية الم المامية المامية المامي	4 777 4 7 70 4 4 7	L-Eiche	Berger, 3-9. HRs—Konsos City, J. McRoe (5).	(9) and Marrinez; Burn (8), Berejes (9) and Hitt. L—Aposto, 1-1, HRs—To	W-McLoughill
	- Cont. (P	'A Welyfuy Decision i	eaves Terms	811 980 9885 11 B	Upshaw (18). Chicago,	
****	Sen Francisco	7 C	Honeyo	uit, Butcher (4) and Sundberg, John- Igherii, Frazier (7), Gossaya (8) and		110 000 124-5
me his	di	anunammaa in sustei	nsion Wynegur.	-Texts Porrish (14). New York,	Schroeder, W—Hoos, 7-2 Milworkee, Schroeder C	
			Allaneset			000 000 000—4 000 000 001—1
	Brate (II	WASHINGTON — It was supposed to be the Columbia's first title light in 42 years. Instead it was		Whitehouse (8) and Smith; Cold-	Rozema, Lopez (8) und Mercado, WMoors, 1-1	Parrish; Mears
		TYPE BUILDING WATER WATER WATER TOTAL TOTAL WINGING	Springs for woulde, c	iRs—Minnesofo, Holcher (4), Ali- Coper (18).	Konson City 8	100 D10 205 8 115 011 70x17 2
		Eddie Mustafa Muhammad never fought Michael the light heavyweight title and on Saturday he was so the District of Columbia Boxing and Wrestling C			Perry, Hood (2), Blue Wathen, Slought (8); Bo	ricer, Heaton (6)
		Several other state boxing commissions indicated they	may follow Boroles (Hassey. W—Barker, 7-7. L Cleveland, Hassey (2).	

Zahn, Sanchez (9) and Boone; D.Mortinez, Shewert (5), Mirabelta (4) and Demplay, W.— Zahn, 6-4, L.—D.Mortinez, 8-12, HRs—Califor-42 HR-Detroit, Herne ning (2), Clork (4), Boltimore, Ayuk (4), Murray (17). NATIONAL LEAGUE MATIONAL LEAGUE ton, 7-18. HR-Montreal, Wollach (11). 900 802 878--3 6 8 100 900 976--2 4 9 Philadelphia
Salta and Trevino; Hudson, Hermades; gad Diaz, W.—Salta, 10-8. L.—Hudson, 2-3. HR: Cincinnati, Driessen (7). Philadelphia, Left

deniuer (9) and Yeager, W-Valenzu 000 900 000—0 5 0 940 000 1731—4 72 0 Herr York Lynch. Diaz (5), Gorman (8) and Orliz. Hodges (8); Knapper and Storkman. W— Knapper, 3-9, L—Lynch, 5-4. kulve (8) and Pena; Thurmand and Ke

Calcono 100 201 201—E 14 5
Los Angeles 100 201 201—E 14 5
Ruthvers Smith (4) and dovis; Hooton.
Seckwith (5), Stewart (7), Zochry (9) and
Yanger, W.—Ruthvers 6-7, L.—Hooton. 6-3. Housian 100 862 88x-3 5 (Tarrez, Sisk (8) and Hodges; Scott, DiPho 601 000 730-4 11 1 gen 900 735-4 11 1
Andular and Bruncher, Porter (B): Hostmaker, Borr (B): Minton (9) and May. WBorr, 1-1. L.-Andular, 4-12. HRs-5t. Louis.
Smith (1). Green (3). Son Francisco. Davis
(11).





By Gary Libman New York Times Service

hand. "I wanted to introduce myself. It's a pleasure to watch you swim. And I'm glad I'm not swimming now.

mates, who were better, had ridiculed the visiting city

At 10 he had surgery to correct ear and nose problems, and since then began to swim faster, show-

By Joanne A. Fishman

\$2. Lests 800 223 116—9 12 8 San Francisca 902 128 806—8 16 1 Farach, Martin (5), Lohi (5), VenOhan (4) and Porter Bachina, McGafficon (6), Larkin (7) and May, Brenty (6), Robb (8). W—Lahit, Defender, sailed by Tom Black-2-1. (...-Sreining, 6-7. HRS—SJ. Louis, Count, 166 (1). Son Francisco. Moy (4). Chicago 188 808 139—4 12 8 Let Angeles 438 808 139—7 12 8 Jankine, Proty (2), Brussfor (6). Lefferts (8). Completel (8) and Davis; Volenzuelo, Nie-In the first race, sailed on a trian-

Los Angeles, Brock (12). Pitesburgh 919 909 100—3 14 9 San Diege 100—2 7 6 Pittsburgh
San Diege 100 et 100 - z , , , Robitson, Scurry (7), Tekukw (9) ond Robitson, Scurry (7), Tekukw (9) ond Kannedy (Machine Control of the Control Robitson, Scirry (7), Tentive (7) ong Pens: Whitson, Lucas (8) and Kannedy, Wa-Robitson, 2-1. L—Whitson, 2-5. HRs—Pitts-bursh, Thomoson (72), Ray (3), Robinson (11, San Diego, Lazcono (7). Cincinenti 800 101 601—3 9 [Philadelphia 600 665 201—2 9 8

> miles apart. 028 618 880-3 4 2 Halfway up the first windward boat.

wind leg, she gained another 9 sec-

But the crunch for Defender came on the second upwind leg when Liberty sailed faster and pointed higher. After a few tacks ca's Cap defender, Liberty twice the boats were on the lay line to the soundly defeated Defender.

The lay line to the lay line to the soundly defeated Defender.

The lay line to the lay line to the soundly defeated Defender. third mark and Liberty went into was "not much Defender could do high gear, arriving at the third mark to hold us back."
with a 2:14 lead; Conner stretched "Psychologically it to 2:39 at the finish - a distance of 1,000 vards.

"Defender is not slow," said Gary Jobson, the tactician for De-

fender. "It just doesn't point as high as Liberty," meaning that Libgular course in a westerly 14-to-18knot breeze, both boats crossed the
He attributed Defender's

> positioned In the break between the trials, are next month.

it again four days ago."
"We were not brilliant," said

important," he said. "They now know they've got real problems. And it's hard to concentrate on

will meet Monday.

In the observation trials. Vic Ro-

peared to tire problems. The Fer-There were few major incidents,

a pit stop.

the 67-lap (196,44-mile) race, al-though there was early disappointment for the Brabham. Kenault American Eddie Cheever's cur-

pressive in qualifying, encountered trouble on the first lap.

Renault-powered turbo Lotus. and, in particular, by mechanics

hurbo, 1:25.04.024 4. Higel Monsell, 1 hurbo 947, 1:25.18.732 ell Britain Latus-Re

Transition

HEW YORK—FINDS WITHER WITHOUSE, Spc. ond basemun, on the 15-day disabled list, Pur-chased confract of Larry Millbourne, infiniter, from the Philadelphia Phillies and sent Bobb/

BASKETBALL National Basistout Association ATLANTA—Signed Randy Willings, ward/lorward, and Glenn Rivers, guard FOOTBALL

deriner, wide receiver, Gory D nerbacks.
SAN FRANCISCO—Acquired Jeft Allen.

leg, Liberty caught and passed Defender. At the first mark, Liberty
led by 27 seconds. On the down
solution boat.

any changes in boats."

any changes in boats."

The cumulative standings, pending the protest, are Liberty 7-5,
Courageous 6-5 and Defender 5-8.

BRIDGE

g ibahrer i

LANGUAGE The Filched Papers

By William Safire

WASHINGTON — The word in Laurence Barrett's book, "Gambling With History," that started all the commotion was in this line: "Apparently a Reagan mole in the Carter camp had filched

Filch is a bit of 16th century slang, origin unknown, that began as a word for stealing small things like poultry. Shakespeare put the word in lago's mouth to give a contrast of slyness to the forthright steal: "Who steals my purse, steals trash. . . . Bot he that filches from me my good name . . ." The connotation of pettiness was changed to cumning: filch meant to Shakespeare, and means to us, "slyly stealing."

A spokesman for David Stockman, the director of the Office of Management and Budget who was the source of Barrett's explosive anecdote, then quoted the debatebriefer as having admitted to knowledge that the material from the Carter camp had been "pil-

Piller accentuates the pettiness of a theft, although it is rooted in the French pelfre, "booty," and made its name in a line of poetry by Sir Walter Scott: "Despite those titles, power, and pelf." Stores consider pilferage infuriating but rou-

Some journalists used the verb purloin, derived from the French pur (for) and loin (distant), to set far aside, or to remove to another place far away. It is a bookish verb, recalling Edgar Allan Poe's story of The Purloined Letter," which was hidden by being placed in plain

Steal is the verb that most clearly implies "serious crime." People who steal go to jail, at least sometimes, and when that verb is sounded all other synonyms pale. Steal-ing is to filching what a crime is to a

As of this writing, nobody has used rip-off, pinch, cop, snatch, swipe or the British snaffle, Another favorite synonym is "borrowed", always in quotes to give an arch, we-know-it-isn't-so connotation and the favorite from World War II is liberated, with its good-guy-tak-ing-the-wine-the-Nazis-left-behind connotation. I would give more but my Thesaurus was snatched.
"HEE was carefull and liberall to

parts abroad," wrote Francis Ba con in his 1622 history of King Henry VII. "Hee had such Moles perpetually working and casting to undermine him."

That was the first figurative use of mole in connection with espionage, too remote a link to constitute a coinage. In 1650, Henry Vaughan used a mole to signify a man at work inside a hierarchy "Perjuries were gnats and flies/It rain'd about him bloud and tears" - but it was oot until the spy novels of John LeCarre that the word attained popularity as "an agent placed inside a rival organi-

Two years ago, I gave credit to David Cornwell—that's LeCarre's real name—for this coinage. Since then, I have heard from a clandestine member of the Lexicographic Irregulars, Edward Jay Epstein, the leading writer in the gray world of spies and moles.

"In 1932 the Soviets recruited a Captain Fedossenko as a double agent and gave him the alias 'The Mole,' "Epstein informs us. "You can find this episode on pages 123-124 of the book 'The Conspirators' by Geoffrey Bailey, written in 1960, which long antedates Tinker,

Although CIA professionals long preferred "penetration agent." the agency has succumbed to common literary usage and now routinely refers to male as a synonym for agent in place. Representative Donald J. Albosta, Democrat of Michigan, a Frouse ethicist, used the term matter-of-factly in announcing his intention to follow the molebili (and incidentally, to climb the mountain of publicity): We don't know who the mole is, and the president did not tell us who the mole was. We have to try to find that out."

If and when he does, reporters will be burrowing under mounds of citations to disc such entries as that of the 19th century German philo-sopher Hegel; "And as the mole cootinues to dig, we must listen to his labor in order to discover the

The wrigglings, masions, charges and immediate or Washington investigations chara up words and phrases that earith and enliven our vocabulary, and if they do not illuminate the political system, at least they light up the language. New York Times Service

mention a million pints of cream, a million cartons of yo-gurt, 10 tons of cottage cheese, a million dozen eggs and equally staggering quantities of 600 other products. He has not driven a delivery truck since the late 1960s, when the state of Connecticut furrowed a highway though his dairy farm. But Leonard says he remains essentially a milkman - perhaps the most successful one in the United States. Stew Leonard's, which bills

By Bryan Miller

New York Times Service

NORWALK. Connecticut
"My dream ever since I

was a little boy was to be a

milkman," Stew Leonard re-

calls, leaning back in a chair in his office here. "My family was

in the dairy business - that's

what I knew best and it's all I

wanted." To say that Leonard

has realized his dream is some-

what like saying the astronaut

Neil Armstrong made good on

a boyhood fantasy of flying an

Leonard sells 10 million

quarts of milk a year, not to

airplane.

itself as "The World's Largest Dairy Store," is one of the most remarkable success stories in American food retailing. More than 100,000 customers enter his sprawling, aseptically clean milk plant-grocery store anually. Leonard's role model is Walt Disney, whom he calls "the greatest marketing geoius ever," and the influence is evident throughout the store.

His show-business approach includes a stadium-size electronic billboard on Rouse I. which flashes daily specials; do-zens of cuddly farm animals that wander in a minizoo in the parking lot; a plastic farmer and his cow that sing duets near the produce bin; a wishing well; balloons for children; a "sheriff" who heads the security force, and colorful plastic shop-ping bags, "Where kids go, cus-tomers follow," says Leonard, who is a walking font of aphor-isms about business and suc-

Throughout the store are posters showing a beaming Leonard amounting specials or





Stew Leonard and his son in their Connecticut store.

cavortiog with his friends Frank Perdue of chicken fame and Paul Newman (the actor's commercial salad dressing went through one of its first taste tests in Leonard's office).

Stew Leonard's main appeal, however, is his milk, which, the ads proclaim, is so fresh "you'd have to own a cow to get it

Leonard's milk is so fresh because his 100,000-square-foot grocery is built around a milk processing plant. Raw milk is trucked in daily to be pasteur-ized, homogenized and packaged within view of customers, who then pluck cartons from a conveyor as they roll from the packaging machine. The other day he was selling a half-gallon of whole milk for 95 cents; most competing stores were selling the same amount for \$1.10 or more, although one nearby supermarket matched his price.

Leonard, an affable 53-yearold Norwalk native with an explosive laugh that is easily ignited. declines to reveal his profits. However, testimonials to the immensity of his business are offered by his suppliers. "Stew Leonard stands alone

among our 105 direct receivers," Frank Perdue has written. "His sales - about 20 tons of poultry products weekly — would be more than respectable for a 15-store chain, and they are incredible for a single

EW. Olson, sales manager for a Wisconsin butter pro-ducer, has said that Stew Leonard's sells more butter (nearly 7,000 pounds a week) than any other client "throughout the Western Hemisphere." And the list goes on. Leonard says he can offer

bargain prices on many items because he refuses to deal with middlemen. Every item in the store comes directly from the producer. When the state condemned

his farm for the highway in "shattered" "Milk was all I knew," he says, "So I went around my milk route and asked customers what they thought." They told him to

open a retail dairy store and offer the lowest prices possible. The original Stew Leonard's, opened in 1969, sold only eight items, mostly milk and eggs. His original building has been expanded 22 times, the lastest time to accomodate a \$500,000 bakery that turns out crossants and muffins. Today a third, roughly 200, of Stew Leonard's products are sold under his own

When asked if he plans to open another store, Leonard replies, "I've always believed in putting all my eggs in one bas-ket — then watching the bas-

Stew Leonard's has one wide aisle that snakes through the store, and on busy days, which is virtually every day except Christmas, the one day the store closes, the rush of shopping carts resembles a roller derby. Leocard's customers, who come regularly from as far as 30 miles away, are what the grocery trade terms "bulk buyers" -folks who stack their carts as if they had inside information on an impending natural cala-

on a recent weekday morning Jo-Ann Walsh of Norwalk piled seven half-gallon containers of milk into her cart. "I have three children," she ex-plained. "We go through it quickly. But this milk is so fresh I can freeze it, and it reconstitutes very well."
The Stew Leonard shopping

bag has become a status symbol of sorts, not only in Connecti-cut but far beyond. It all started one day when a customer sent Leonard a photo of herself at the Kremin holding the bright

sack with the store's logo.
"I put it on the bulletin board," Leonard says, handing a visitor a seven-inch-thick stack of photocopies, "Next thing you knew, I was getting all of these." The photocopies show grinning Stew Leonard costomers holding their bags on the Great Wall of China, atop

and even on the floor of the Pacific Ocean. Leonard now offers a \$3 gift certificate for such photos, which he posts in

HONOLULU POSTCARD The Mountain of Trash

By Stewart Taggart

HONOLULU — Calm. The image is of verdant valleys rimmed by golden, sun-filled coast-lines and the bright lights of Warkiki. But another vision is approach-

ing, and it is composed of mountains of decaying newspapers, junked cars and beer cans. Here in the Western Pacific, the leftovers of the party are approaching the edges of the good life. "Our problem is land," said

Frank Doyle, refuse director for the city and county of Honolulu, which encompasses the entire island.

Because most of Oahu's potable water is located in the island's higher elevations, disposal sites such as landfills can only be located in lower areas near the ocean where they can't contaminate water supplies.
"If we don't reduce the volume

of garbage we are putting out, we may be faced with dumps placed right next to residential areas," said Michael Chun, Honolulu public works director. "And if you have to put a landfill right next to a residential area, you're looking for trouble

Oahu's population has grown quickly over the last two decades, from 632,772 in 1960 to 964,691 in 1980. And that has created more garbage, enough to cover one foot-ball field 12 feet deep each day, said Doyle.

During the fiscal year 1982-83, that meant 700,000 tons of garbage, he said, up from 550,000 tons of material in 1975-76.

About 70 percent of the waste on the island, where more than two-thirds of the state's residents live, is from households. Doyle says commercial and retail operations put out about 25 percent. The remainder comes from industrial

Hazardous waste, generated lar-gely by the Pearl Harbor Naval Shipyard, is transported by ship to the U.S. mainland for disposal. instant has no sites for disposite hazardous materials. The island correctly has three county-run landfills, which are to

be closed in 1984. The city and county of Honolulu are negotiating for four more pites.

"When they fill up, we'll have to search for four more sites, then four more, then four more," Chan said,

Chun said a proposed trash-to-energy plant is being discussed. If it is built, he said it could reduce the volume of waste on the island by 98 percent while generating electricity, he said.

Rel

of Ma

The project is still in the plan-ning process and faces months maybe years - of hearings and

approvals. Chan said.
Oahu's 592 square-mile land area is slightly more than half the size of Rhode Island, while its population desire of 1,379 people and the size of the size of 1,379 people. per square mile is close to one and a half times that of New Jersey. Another big headache for the is-land is junked cars.

"It's almost an insoluble probiem, said Peter Leong, Honolski finance director. About 470,000 cars are registered on Oahs, slight. ly more than one car for every mo-people, Leong said. Close to 20,000 cars are discarded each year on the

"The market was taking care of the problem for a long time," said ong. "But that's not so any

A steel company on Oalm wasbuying the cars and melting these for scrap. That was when Oaim had a building boom, which has slowed and the demand has decreased

One proposal has been to tow the cars to sea and dump them to create artificial reefs. That is an expensive solution at \$20,008 a bargeload, said Leong.

Women's Organization Honors 2 U.S. Pioneers The Associated Press

SENECA FALLS, New York The National Women's Hall of Fame has inducted Belva B. Lockwood, the first woman to practice law before the Supreme Court, and Lucretia Mott, a 19th-century Quaker abolitionist. The inductions, held Saturday, brought to 33 the number of women in the half

helped organize the Philadelphia Anti-Slavery Society. Mrs. Lockwood was one of the first women to run for president, campaigning in 1884 under the banner of the National Equal Rights Party.

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